

# **ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR FISCAL YEAR 2004**

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**WEDNESDAY, MARCH 5, 2003**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10:03 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Thad Cochran presiding.

Present: Senators Cochran, Stevens, Bennett, Craig, Bond, Reid, Murray, and Dorgan.

**DEPARTMENT OF DEFENSE—CIVIL**

**DEPARTMENT OF THE ARMY**

**CORPS OF ENGINEERS—CIVIL**

**STATEMENT OF HON. LES BROWNLEE, UNDER SECRETARY OF THE  
UNITED STATES ARMY AND ACTING ASSISTANT SECRETARY OF  
THE ARMY (CIVIL WORKS)**

**ACCOMPANIED BY:**

**LIEUTENANT GENERAL ROBERT B. FLOWERS, COMMANDER AND  
CHIEF OF ENGINEERS, U.S. ARMY CORPS OF ENGINEERS  
MAJOR GENERAL ROBERT H. GRIFFIN, DIRECTOR OF CIVIL  
WORKS**

**OPENING STATEMENT OF SENATOR THAD COCHRAN**

Senator COCHRAN. The committee will please come to order. I have been asked to Chair the hearing by Senator Domenici, and I am happy to do that. I have a statement that he and his staff have prepared and I will ask unanimous consent that it be inserted at this point in the record.

[The statement follows:]

**PREPARED STATEMENT OF SENATOR PETE V. DOMENICI**

The Committee will please come to order.

Today we begin the Energy and Water Subcommittee's fiscal year 2004 budget hearings with the Corps of Engineers and the Bureau of Reclamation. There will be two panels, and as the Subcommittee's tradition dictates, this year we will begin with the Corps of Engineers in the first panel and the Bureau of Reclamation in the second panel.

This Subcommittee has jurisdiction over our country's water resources, under which falls the Corps of Engineers and the Bureau of Reclamation. Both agencies are responsible for managing this precious natural resource in a cost-effective manner while balancing the needs of its diverse users. I believe that the mission of these two agencies will only become more critical over time, as increasing pressure is placed on our water resources.

For fiscal year 2004 the President has requested an effective amount of \$4.049 billion, a decrease of \$580 million, or 13 percent, from the current year for the Corps of Engineers. For the Bureau of Reclamation, the President has requested \$880 million, a decrease of \$73 million or 8 percent from the current year. Unfortunately, this is a budget request that only exacerbate problems this Nation faces in addressing our various water resource requirements.

I have had first-hand experience of this over the last year as the state of New Mexico struggled to balance various water users, people, agriculture and endangered species, during a very serious drought. And we will unfortunately continue to struggle as New Mexico is at less than half of our annual snowpack for this year.

That being said, I am concerned that the Administration, in its fiscal year 2004 request, has under-funded the Corps of Engineers to such an extent that I question whether it could effectively carry out its mandated missions next year if this request were enacted in its current form.

An additional concern to me is the Administration's approach to the Corps of Engineer's budget. The Administration's budget documents relating to the Corps of Engineers state:

"While the level of funding can affect the rate at which the size of the backlog changes, the measures taken (or not taken) to limit the number of projects that become eligible for construction ultimately will determine whether we are making progress or are falling further behind."

Unfortunately, this logic does not take into consideration the issue of need. There is a clear role for the Federal Government, through the Corps, to carry out flood control, commercial navigation and ecosystem restoration. These needs do not simply go away because you choose to limit what is constructed.

I think the Administration is missing the point that this country's economic well-being is closely linked to its waterways, be they rivers, harbors, or wetlands. Further, it is in our interest to ensure that we maintain these resources for our continued successful competition within the world marketplace.

This country has an aging water resources infrastructure. For example, approximately 50 percent of the Bureau of Reclamation's dams were built from 1900 to the 1950's, before the current state-of-the-art construction techniques, therefore they require special maintenance measures.

Even though budgets are tight, I am concerned that no one is working to address this longer term problem. An aging infrastructure is one of those problems that we all put off until we absolutely have to, which in the end, will just cost us more and may very well endanger life and property.

More importantly, the budget exercise we go through each year is not an effort to figure out how little we can spend, but one that carefully balances the greatest needs with our limited resources.

I would like to talk today about the impact the proposed fiscal year 2004 budget will have on both agencies and what the Congress can do to ensure that they can continue to effectively manage the country's water resources.

I would like to welcome the members of the first panel from the Corps of Engineers. They are:

- Undersecretary of the Army and Acting Assistant Secretary for Civil Works, Les Brownlee,
- Lieutenant General Flowers, Chief of Engineers,
- Major General Griffin, Director for Civil Works, and
- Rob Vining, Chief, Programs Management Division.

Also here with us today are some of the Corps' Division Commanders. They are:

- Brigadier General Larry Davis, South Pacific Division,
- Brigadier General Bo Temple, North Atlantic Division, and
- Brigadier General David Fastabend, Northwest Division.

Thank you all for being here today and for the work you do for this Nation.

On our second panel will be the Bureau of Reclamation. Appearing before us will be:

- Bennett Raley, Assistant Secretary for Water and Science with the Department of Interior,
- Commissioner of the Bureau of Reclamation, John Keys, and
- Program Director Ronald Johnston from the CUP Office.

Senator COCHRAN. This morning we are hearing from two panels, the Corps of Engineers, Bureau of Reclamation presentation of the budget request for this next fiscal year. We are happy to have as members of the first panel, Secretary or Under Secretary Les

Brownlee of the United States Army. He is accompanied by Lieutenant General Robert B. Flowers of the U.S. Army Corps of Engineers and Major General Robert Griffin, Director of Civil Works. And we appreciate the attendance of Senators.

And without a lot of conversation, let me just say that I have reviewed the highlights of the budget that is being submitted by the administration for the Corps of Engineers, and I am disappointed that there are many important areas that seem to me to be inadequately funded if we were to approve this budget request without any changes.

And some of those, I am sure members of the committee will look at very carefully. And I am also interested just as a matter of introduction in some of the reforms that are being suggested for the Corps of Engineers, and the way projects are evaluated and the process that is followed in determining when construction is appropriate for projects, for flood control projects in particular.

And I will be interested in hearing your views about those reforms and the degree to which you can inform us about the details and how they will really work in practice.

#### PREPARED STATEMENT

Without a lot of other comments, I will put my statement in the record, and yield to other Senators for any opening comments they would like to make.

[The statement follows:]

#### PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, I join you in welcoming the witnesses before the Committee.

I appreciate the hard work the Corps of Engineers does in the state of Mississippi and around the country in carrying out its responsibilities.

While the Corps has taken on the added responsibilities of assessing the national water resources and protecting Civil Works infrastructures from possible terrorist attacks, its core mission remains. Corps levees and floodwalls protect millions of homes, farms, and businesses. Its coastal ports and barge channels carry 2 billion tons of freight annually, and its dams generate one-fourth of this nation's hydroelectric power.

For the individuals in my state who live in areas susceptible to flooding, Corps of Engineers' projects are critical to protecting their homes, businesses, and livelihoods.

I am very concerned that this budget submission shortchanges these programs. I'm sure this committee will try to identify ways to make improvements in this budget for flood control.

I hope that the leadership in the Department of Defense and our witnesses will assist us in determining which projects have the highest priorities and are ripe for funding.

I look forward to hearing the testimony of our witnesses.

Senator COCHRAN. Senator Craig.

#### STATEMENT OF SENATOR LARRY CRAIG

Senator CRAIG. Thank you very much, Mr. Chairman. Let me echo the same frustration you have with the Army Corps' budget. Clearly there is a lot of work to be done out there, and we hope we will be able to assist them in getting most of it done.

The Army Corps and those of us who live in the Pacific Northwest are very frustrated at this moment at the inability of the Corps to manage the Snake/Columbia River complex in the way necessary to be managed for navigation. We have got a lawsuit we

are working through out there that disallows dredging for the moment. Some judge turned too green on us, and we have got to work our way through it.

We have got fish runs coming back. We have got a river that is being managed extremely well at the moment. Everything is generally looking up on that river, except the inability to effectively manage it as a waterway for very important traffic in the Snake/Columbia River Basin systems.

Everybody wonders why I am interested in the Corps. I do not think a lot of people realize that I have the furthest in-land sea port in the United States in North Idaho, and it is a critical economic link to our State.

Senator REID. What is it, Larry? Which one is it?

Senator CRAIG. Port of Lewiston. It is at the upper end of the slack water systems of the Snake and the Columbia system, and handles a lot of traffic, a lot of forest products, and grain out of Montana and the upper Midwest. So it is a very important link.

And at this time, the Corps is not being allowed to do what they should be doing because of the Ninth Circuit. Once again, we come to the floor frustrated by a dysfunctional court system that decides that they are going to deal politically instead of legally with the world. Anyway, I have said enough. We are anxious to hear from them.

Les, it is great to have you back in your capacity now, your new capacity. You have had great experience here on the Hill. We have enjoyed working with you in the past on a lot of issues. We will enjoy working with you now in your position as Under Secretary, and we will also look forward to the—hearing from the Bureau of Reclamation, another critical agency to western States.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Craig.

Senator Reid.

#### STATEMENT OF SENATOR HARRY REID

Senator REID. Thank you very much, Senator Cochran. I appreciate your filling in today.

First of all, Larry, Senator Craig, because there were a number of statements made on the floor yesterday about the terrible Ninth Circuit, which as you know, you and I are both—it is our jurisdiction. And 24 judges sat on that rehearing. The opinion was written by a judge appointed by a Republican, the initial opinion. And of the ten dissents, which was something we wanted—of the ten dissents, seven of them were Clinton-appointed judges. If we had had six other judges who had been appointed by the Republicans, who had voted with us, we would have won that.

So I think the Ninth Circuit was certainly all way off base on this, but I would hope that we would stop blaming it on Democratic appointees, because it was—

Senator CRAIG. Well, if you noticed, I did not. I was very generic in talking of the dysfunctionality of the Ninth Circuit. The Supreme Court has already decided long ago that you either fix it or they will just simply rule most of their decisions out.

Senator REID. The problem is, Larry, that they have so many cases that the Supreme Court does not hear all their cases.

Senator CRAIG. Oh, that is the great tragedy for those of us who live in the greater Northwest.

Senator REID. Anyway—

Senator CRAIG. I see Senator Murray here. I think she supports us on a lot of these frustrations.

Senator REID. Senator Domenici and I have worked on this subcommittee for many, many years, and I have enjoyed working with him. He is a very—he is a friend, and does an outstanding job in his capacity in being a Senator.

These hearings are intended to help us prepare our funding proposals. We depend on the open exchange of information we receive in these hearings. Most importantly we will develop our appropriations bill by taking into account the needs of our members and the needs of the American people.

The budget that OMB submitted for the Army Corps is totally inadequate. It continues a recurring theme of trying to mask deficit spending with funding gimmicks. The administration has proposed a fiscal year request for the Army Corps of \$4.04 billion. When you exclude proposed funding from the power marketing legislative proposal included in the budget, that is what it amounts to. This is about \$600 million less or a 14 percent cut from the amount enacted in 2003.

For the Bureau the proposal is about \$58 million less or a 7 percent cut over fiscal year 2003. This reduced amount of funding—or level of funding, I should say, in reclamation, water and related resources account is going to hamper progress on many large projects and programs involving water and power for the West, and also small projects.

The Army Corps general investigation account is taking a tremendous hit. The fiscal year request is \$100 million versus \$135 million enacted in fiscal year 2003, a 26 percent cut.

The administration is proposing to fund only 19 preconstruction, engineering, and design studies out of 89 funded last year. This means that 70 ongoing studies that have been signed—that have signed cost-sharing agreements with local sponsors must be terminated.

The Army Corps construction general account is proposed at \$1.350 billion or \$406 million below what we had enacted last year, a 23 percent cut. There are no funds provided for discretionary new construction starts.

The Army Corps operation and maintenance general account is proposed at—I am sorry—\$1.939 billion. This assumes \$145 million will be received from the Power Marketing Administration for hydropower operation and maintenance.

But when properly accounted, the proposal is an 8 percent cut. The Army Corps' Mississippi River and Tributaries account is proposed at \$280 million, a—which is \$65 million below last year, a 19 percent cut.

The only major account to see a budget increase for the Army Corps is for general regulatory, a boost of \$5 million over last year, an increase of 4 percent.

The administration has proposed two new funding gimmicks this year, and is recycling another one from last year. They are proposing direct financing of the maintenance of the inland waterway

system by using \$146 million from the Inland Waterway Trust Fund. Keep in mind, this fund was established to provide the industry cost share for new construction, major rehabilitation, inland navigation projects. The fund is financed by a 20 percent per gallon tax on fuel for vessels operated for commercial waterway transportation.

If the administration's proposal is implemented, it would ensure that the fund either went bankrupt or fuel taxes for the inland waterway system would have to be increased significantly.

The other new proposal is to tap \$212 million from the Harbor Maintenance Trust Fund for construction and deep water ports and channels. This fund was established for users to pay maintenance costs of deep water ports and channels.

The fund is financed by cost on the value of cargo shipped to or from U.S. ports. And the requests we get from members, valid important requests every year for these deep water channels, deep water ports and channels is overwhelming. We cannot keep up with it without, in effect, stealing this money for other projects.

While the harbor maintenance trust fund is better financed than the inland waterway trust fund, using it for construction of projects was not envisioned, and it would cause its bankruptcy.

The recycled proposal is for direct funding of operation and maintenance of the Corps, owned and operated hydropower facilities by the Power Marketing Administration. This proposal assumes that it will provide \$145 million to the Corps for hydropower operation and maintenance. This proposal was dead on arrival last year, and I see no enthusiasm for it this year.

All three of these proposals would require specific enacting legislation in order for them to become law. However, the administration made no overtures to the Congress to explain how these proposals would be a benefit to the Corps.

It is entirely possible that these overtures have not been made because these proposals benefit neither the Corps or the Nation. In fact, two of the proposals only served a mass deficit spending with the beneficiary being the administration in this budget game.

The budget proposed for the Bureau shows a slight increase. However, this increase is quite deceiving. Many important ongoing projects have received substantially reduced funding levels.

The administration slashed funding for reclamations of rural water and water recycling projects from what has been provided in prior years. The administration's budget says that they will—that while these are important elements in meeting future western water needs, they should be done by someone else. I do not know who that would be.

Most of the rural water projects funded by this subcommittee provide clean drinking water to people that have had only access to water of questionable quality for most of their lives. The cost to our local communities of providing this clean drinking water is well beyond the scope of most communities.

Federal funding for recycled water projects is limited to a 25 percent overall project cost and, in many cases, capped at \$20 million. But without these Federal dollars, these projects simply cannot go forward. The Federal dollars provide the necessary leverage for

State and local funds to be able to do something that is meaningful.

The administration budget theme for this year is economic security for our Nation. Based on the proposals submitted by the Army Corps—submitted for the Army Corps and the Bureau of Reclamation, it appears that they have overlooked valuable components of our economic security.

For example, 41 States are served by the Army Corps' ports and waterways. These ports and waterways provide an integrated, efficient and safe system for moving bulk cargo. Two-point-three billion tons of cargo are moved through these ports and waterways each year. This—the value of this cargo to the national economy approaches \$700 billion. Navigable waterways generate over 13 million jobs in the national economy, and \$150 billion in Federal taxes. Annual damages prevented by the Corps exceed \$20 billion. By how much, I am not too sure.

From 1928 to 2000, the cumulative flood damages prevented, when adjusted for inflation, were \$709 billion for an investment of only \$122 billion. That is nearly a 6:1 return.

The Bureau and the Army Corps water projects, storage projects have a total capacity of 575 million acre feet of storage and provide municipal and industrial water supply to millions of our citizens. Without these infrastructure investments, the tremendous population growth in western America would not have been possible.

The Bureau and the Corps provide about 35 percent of the Nation's hydroelectric power, which amounts to 5 percent of our total electricity. In the West, the percent of—or percentage of hydro-power, that power, is much greater.

Both the Corps and the Bureau contribute to our Nation's environmental protection. Over \$1 billion or about 25 percent of the Army Corps' appropriation was targeted for environmental activities. Reclamation expended a similar percentage on their budget.

These are only a few of the things that these two agencies contribute to our economy. The administration's proposals are inadequate to fund ongoing projects at anything other than minimal levels. And we are going to have to eliminate lots of them.

In spite of all of the administration's rhetoric about the economy—about economic security and maintaining our abilities to compete in world trade, the administration has again—have produced something that is remarkably shortsighted in this budget.

The administration will not lead in the area of critical infrastructure. But we have to. Congress has to. So I plan to work with the subcommittee, Chairman Stevens, Ranking Member Byrd, and Chairman Domenici to ensure that this subcommittee gets the resources needed to fund these vital organizations properly.

And I would say on a personal note, the employees of these—of the Corps, I appreciate very much for their outstanding service to organizations not only to Nevada, but to our Nation as a whole.

#### PREPARED STATEMENT

More often than not, your employees do not get the credit they deserve. There is not a single member in either chamber whose State is not impacted positively by the work that these agencies do, the Corps and the Bureau.

So I am sorry to take so much time. And I know you are filling in and wanted to rush through this. I am——

Senator COCHRAN. That is not correct.

Senator REID. That speaks——

Senator COCHRAN. I do not want to rush through it.

I want to carefully address the budget proposal and consider it very carefully.

Senator REID. That speaks well of you. If the roles were reversed, I would want to rush through it, so——

[The statement follows:]

#### PREPARED STATEMENT OF SENATOR HARRY REID

Good Morning.

This is the first of our budget oversight hearings this year and, as always, I look forward to working with my good friend, Senator Domenici and his staff in preparing our annual spending package.

These hearings are intended to help us prepare our funding proposals. We depend on the open exchange of information that we receive in these hearings.

Most importantly, we will develop our appropriations bill by taking into account the needs of our Members and the American people.

Once again, the budget that OMB submitted for the Army Corps is totally inadequate. Further, it continues a recurring theme of this administration of trying to mask deficit spending with funding gimmicks.

The Administration has proposed a fiscal year 2004 request for the Army Corps of \$4.049 billion when you exclude proposed funding from the power marketing legislative proposal included in the budget. This is about a \$600 million less or 14 percent cut from the amount enacted in fiscal year 2003. For the Bureau of Reclamation, the proposal is about \$58 million less or a 7 percent cut over the fiscal year 2003 enacted amount.

This reduced level of funding in Reclamation's Water and Related Resources Account is going to hamper progress on several large projects and programs providing water and power for the West.

The Army Corps' General Investigations account is taking a huge hit. The fiscal year 2004 request is \$100 million versus \$135 million enacted in fiscal year 2003, a 26 percent cut. The Administration is proposing to fund only 19 Preconstruction Engineering and Design Studies out of 89 funded in fiscal year 2003. This means that 70 on-going studies that have signed cost sharing agreements with local sponsors must be terminated if the budget proposal were enacted.

The Army Corps' Construction, General account is proposed at \$1,350 billion, \$406 million below fiscal year 2003 enacted, a 23 percent cut. There are no funds provided for discretionary new construction starts.

The Army Corps' Operation and Maintenance, General account is proposed at \$1,939 billion, however, this assumes \$145 million will be received from the Power Marketing Administrations for hydropower operation and maintenance. When properly accounted, the proposal is \$1,794 billion, \$146 million below the fiscal year 2003 enacted, an 8 percent cut.

The Army Corps' Mississippi River and Tributaries account is proposed at \$280 million, \$65 million below fiscal year 2003 enacted or about a 19 percent cut.

The only major account to see a budget increase for the Army Corps is for General Regulatory, a boost of \$5 million over fiscal year 2003 enacted, or an increase of 4 percent. While I am glad to see this increase for the Army Corps' permitting activities, I am appalled at the cuts to the other major accounts.

The Administration has proposed two new funding gimmicks this year and is recycling one from fiscal year 2003.

The Administration is proposing direct financing of the maintenance of the inland waterway system by using \$146 million from the Inland Waterway Trust Fund.

This fund was established to provide the industry cost share for new construction and major rehabilitation of inland navigation projects. The fund is financed by a 20 cent per gallon tax on fuel for vessels operated for commercial waterway transportation.

If the Administration proposal is implemented, it would ensure that the fund either went bankrupt or fuel taxes for the inland waterway system would have to be significantly increased.

The other new proposal is to tap \$212 million from the Harbor Maintenance Trust Fund for construction of deepwater ports and channels.



This fund was established for users to pay maintenance costs of deep water ports and channels. The fund is financed by a tax on the value of cargo shipped to or from U.S. ports.

While the Harbor Maintenance Trust Fund is better financed than the Inland Waterway Trust Fund, using it for construction of projects was not envisioned and would cause its bankruptcy as well unless the tax rate was increased.

The recycled proposal is for direct funding of operation and maintenance of Corps of Engineers owned and operated hydropower facilities by the Power Marketing Administrations. This proposal assumes that the Power Marketing Administrations will provide \$145 million to the Corps of Engineers for hydropower operation and maintenance.

This proposal was dead on arrival last year and I see no enthusiasm among my colleagues for it this year.

All three of these proposals would require specific enacting legislation in order for them to become law. However, the Administration has made no overtures to the Congress to explain how these proposals would be of benefit to Corps of Engineers or the Nation.

It is entirely possible that these overtures have not been made because these proposals benefit neither the Corps of Engineers nor the Nation. In fact, two of the proposals only serve to mask deficit spending with the beneficiary being the Administration in their annual budget game.

The budget proposed for the Bureau of Reclamation shows a slight increase; however, this increase is deceiving. Many important on-going projects have received substantially reduced funding levels.

The Administration has slashed funding for Reclamation's rural water and water recycling projects from what has been provided in fiscal year 2003 and prior years. The Administration's budget says that while these are important elements of meeting future western water needs, they should be done by someone else. The implication is that these are local problems and should be solved by local interests.

Most of the rural water projects funded by this Subcommittee provide clean clear drinking to people that have only had access to water of questionable quality for most of their lives. The cost to local communities of providing this clean drinking water is well beyond the scope of most communities.

Federal funding for recycled water projects is limited to a 25 percent of the overall project cost and in many cases is capped at \$20 million. Yet without these Federal dollars many of these projects could not go forward. The Federal dollars provide the necessary leverage to obtain other state and local funds.

The Administration budget theme for this year is Economic Security for Our Nation. Based on the proposal submitted for the Army Corps and the Bureau of Reclamation, it appears that they have overlooked valuable components of our economic security. Let me elaborate:

- 41 states are served by Army Corps ports and waterways. These ports and waterways provide an integrated, efficient and safe system for moving bulk cargos. 2.3 billion tons of cargo are moved through these ports and waterways. The value of this cargo to the national economy approaches \$700 billion. Navigable waterways generate over 13 million jobs to the national economy and nearly \$150 billion in Federal taxes.
- Average annual damages prevented by Army Corps flood control projects exceed \$20 billion. From 1928–2000, cumulative flood damages prevented when adjusted for inflation were \$709 billion for an investment of \$122 billion, adjusted for inflation. That is nearly a 6 to 1 return on this infrastructure investment.
- The Bureau and the Army Corps water storage projects have a total capacity of nearly 575 million acre feet of storage and provide municipal and industrial water supply to millions of our citizens. The water supply infrastructure provided by the Bureau and the Army Corps in the West are the life blood of the communities they serve. Without these infrastructure investments the tremendous population growth in our western states would not have been possible.
- The Bureau of Reclamation and the Army Corps of Engineers provide about 35 percent of the Nation's hydroelectric power which amounts to nearly 5 percent of the U.S. total electric capacity. In the West the percent of hydropower to total power supplied is much greater.
- Additionally, both the Army Corps and the Bureau contribute to our Nation's environmental protection. Over \$1 billion or about 25 percent of the Army Corps' fiscal year 2003 appropriations was targeted for environmental activities. Reclamation expended a similar percentage of their budget on these important activities.

These are only some of the ways that these two agencies contribute to our economy and yet the Administration's budget proposal has given them short shrift. The

Administration proposals are woefully inadequate to fund ongoing projects at anything more than minimal levels.

In spite of all of the Administration rhetoric about economic security and maintaining our abilities to compete in world trade, the Administration has again produced a remarkably short sighted budget.

If the Administration will not lead in the area of critical infrastructure, Congress will. I plan to work aggressively with Ranking Member Byrd, Chairman Stevens and Chairman Domenici to ensure that this Subcommittee gets the resources needed to fund these two vital organizations properly.

On a personal note, I would like to take this opportunity to thank you and your employees for the outstanding service that your organizations provide not only to Nevada, but to our Nation as a whole. More often than not, your employees don't get the credit they deserve. There is not a single Member in either Chamber whose state is not impacted positively by the work your agencies do.

Senator COCHRAN. Thank you, Senator Reid.  
Senator Bond.

#### STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Thank you very much, Mr. Acting Chairman. And I woke up yesterday morning thinking that serving on 5 committees and 11 subcommittees was leaving me with too much free time, so I jumped at the opportunity to serve on this twelfth subcommittee.

And, Secretary Brownlee, General Flowers, General Griffin, and all of you, I welcome you and the second panel. I join with my colleagues in expressing the frustrations that we all have felt.

I know at this time, gentlemen, particularly those in the—well, all of you, have issues on your plate that are larger than the details of the project feasibility study and environmental impact statements. I know that each of you are no strangers to military combat. Each of you have had to lead troops into combat, and currently the troops are looking to you for leadership. And, once again, on behalf of myself and the people I serve, we express our gratitude for your sacrifice and your commitment to the security of the Nation.

On the issue of domestic water resources, I have expressed myself repeatedly about the continued insufficiency of OMB's budget request. I would only say "Amen," to what has been said before, particularly Senator Reid's statement. I have the pleasure of working with him on the authorizing committee, and we have this problem in other areas.

But, Les, I would urge you, as I urged your predecessor, please do not agree with me publicly, would you?

Inside joke, there.

Historically, given how much Congress is forced to modify the budget request for the Corps, the OMB budget request for the Corps has become about as relevant as a UN resolution is to the French government. But as the acting chairman and Senator Reid have said, your work has put people to work in our country.

You save money by preventing waste associated with delay. You have provided for a cleaner, better environment through your efforts. And you have been true conservationists.

Every year, there is a referendum on the work of the Corps, and it is called an appropriations bill. On a bipartisan basis, we join to add resources to high priority projects, which speaks to the value

of what you do as demanded by the people who pay the taxes and who elect us.

Now, I would also add on the matter, a minor matter that is free of controversy, I encourage your efforts to identify the best resolution to the questions of managing the Missouri River. We do have—we do have an awful drought, and there is going to be pain shared by the people in the upper basin with the people in the lower basin. When water is short, everyone feels cheated. Everyone wants more of it.

Senator Craig, I feel your pain.

The middle Mississippi River, which carries \$27 billion in cargo and is the primary avenue for transporting for our agricultural projects, which give us in good years a \$30 billion favorable balance in trade, has been closed and restricted.

This is a difficult matter to resolve this. Why, the first Bush Administration did not resolve it. The Clinton Administration studied it for 8 years and kicked the can down the road to this administration.

Past Congresses have given you conflicting mandates. Recent Congresses have given you plenty of rhetoric but very little legislative guidance, despite the efforts of some of us. If it were up to me, Congress would pass legislation establishing priorities for you to follow and let you get on with them. Otherwise, I would just as soon pass legislation giving a President, this one or the next, the authority to make a decision once and for all, without having to struggle with all the conflicting mandates imposed in decades past.

Then we would have a decision. We would have some accountability, and we could move one way or the other and take responsibility for it.

I realize you are victims in a thankless blame game where the States and the agencies are polarized. You are left in the middle with the hard job of balancing priorities, when that job should be the job of Congress.

I look forward to working with the other members of this committee to help you resolve those priorities. And I thank you for your service for the security of this Nation.

Thank you.

Senator COCHRAN. Senator Dorgan.

Senator DORGAN. Mr. Chairman, I would be happy to yield to Senator Murray.

Senator COCHRAN. Senator Murray.

#### STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Senator. I will not take much time. We want to hear from our witnesses today.

Let me just thank you for being here today. I look forward to your testimony. Clearly, there are a lot of critical projects in my State, from transportation obstruction, water, energy, environmental projects that I have a number of questions on. I will save some time.

Let me just thank Senator Reid and the Chairman for their assistance with our energy and water projects in the past though. We have been very grateful for that, and I appreciate that. And I look forward to the testimony this morning.

Senator COCHRAN. Senator——

Senator REID. Mr. Chairman, I would ask unanimous consent that—I have some questions I can submit in writing to the witnesses.

Senator COCHRAN. Without objection, it is so ordered.

Senator Dorgan, you want to——

Senator BOND. I will ask the same.

Senator COCHRAN. Without objection.

Any Senators on the committee may submit questions. And we hope you will respond to them in a timely fashion. Thank you.

Sir.

#### STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Mr. Chairman, I will be brief, but let me say that the comments from my colleagues, Senator Reid and Senator Bond, are right on the mark with respect especially to some of the funding issues.

I note that Senator Bond indicates he is on 12 subcommittees, and my hope is that keeps him busy enough not to be too active on this subcommittee.

We have had some long, spirited and interesting discussions about Missouri River issues. And I know, General Flowers, you will be in the middle of all of that, I am certain.

You started a 6-month process 12 years ago to create a new master manual for the Missouri River. Twelve, 13 years later, of course, we still wait. And Senator Bond and I both have an acute interest in it.

The Bureau's budget for water and related resources, for example, is nearly \$43 million less than the amount we appropriated in the recent omnibus bill, so a number of projects will go wanting. There is under-funding of some Corps projects, key Corps projects. I will not go into all of them, but we in the West and Northern Plains are facing increasing drought, and water needs are more acute than ever.

The money that is recommended in the administration's budget is not nearly what is needed to respond to these issues both at the Bureau and the Corps, so I will ask some questions about a number of projects that I am very concerned about.

But I will wait until the question period to talk about them, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Senator Stevens.

#### STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Well, thank you very much, Mr. Chairman. I am going to have to go to another hearing so I am not going to ask questions. I do want to make a statement, however.

I am sure the witnesses all know Alaska has half the coastline of the United States. We have a very small population, but we are completely dependent in many areas on the Corps of Engineers for their projects.

Now, out at or on Unalaska, at the Dutch Harbor area, Congress authorized a project that was needed. That is the largest fishing port in the United States, and has been consistently now. That har-

bor was delayed because of a dispute between the Fish and Wildlife Service and the Corps of Engineers. It has never been built.

We have another situation there at King Cove, an enormous battle that developed over access to King Cove to the facilities at Cold Bay for transportation of people, particularly in emergencies to the hospital. Congress provided after a long, long debate with the Clinton Administration that King Cove could build a road, and the road would be determined—the location of it would be determined by the communities, where it would go. They owned the property. That road has been delayed also. It has never been built. And even today there—the monies that we provided them to build the road has been used to try to find some way to get it going.

We had money in the Energy and Water Bill 2 years ago for the sewer, the Wrangell projects. OMB took it upon themselves to veto those projects. And we put very strong language in the omnibus package that has just been passed. I hope that will be followed, that the Corps will follow the direction of Congress, which the President agreed to when he signed that bill.

There is also money for False Pass and Seward Harbor. Both of those had to be revisited again in the 2003 bill. And I hope we do not have to do in, Mr. Chairman, in the 2004 bill what we had to do in the omnibus bill to try and get the Corps and the administration to follow the directions of the Congress as agreed to by the President when he signs these bills.

We are in a situation where, now because of the delays in so many other economic activities that those related to fishing and the using—use of our harbors are absolutely essential to our survivor—or survival now. And I really do not understand these continued delays.

I know we are under attack by a whole series of very extreme environmental organizations. They had their day—right to their day in court, but when it is over, it ought to be over.

And I am really very serious, Mr. Chairman, in saying that somehow or other, these projects have to go forward. If it gets to the point where I have to delay this bill until we get an agreement that they—that the Corps will go forward, I will do that. I have never delayed an appropriations bill, since I have been on the committee or have been chairman, but I will do that. And I will refuse to bring this bill up until I get an understanding with the Corps that they are going to comply with the law with regard to these projects, particularly in terms of the Dutch Harbor Unalaska Project, and the basic project for King Cove.

Now, those two projects are humanitarian as well as necessary for the continuation of the economic activities in those areas. And I am very serious. I do not know anything else a Senator can do but finally use his ultimate right to delay a bill until we get an understanding that that is—that those projects are going to be built.

I would be happy to visit with you, Mr. Brownlee, or with you, General Flowers, in any way. And I would be happy to go down and have a meeting with the President of the United States, if you would like. But these projects were authorized and reauthorized by Congress, and they are going to be built. One way or another, they are going to be built.

Thank you very much, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Senator Bennett.

Senator BENNETT. I have no opening statement, Mr. Chairman.

Senator COCHRAN. Mr. Secretary, you may proceed.

Mr. BROWNLEE. Thank you, Mr. Chairman.

Senator STEVENS. Mr. Craig wants to ask unanimous consent to add other projects to my list.

Senator CRAIG. You want to add other projects to Ted's list. Okay.

Senator COCHRAN. Without objection, it is——

Mr. Secretary, you may proceed.

#### STATEMENT OF LES BROWNLEE

Mr. BROWNLEE. Thank you, sir. If I could just take a moment, sir, to extend my best wishes to Chairman Domenici, who I understand could not be here this morning, and I have certainly grown to admire and respect and have great affection for him, and so I just wanted to send him my very best from here.

Senator COCHRAN. Thank you.

Mr. BROWNLEE. I would thank all of the members of the subcommittee who were able to arrange to meet with me before this hearing and also the courtesies of their staff to do so. If there is any member whom I was not able to meet with, let me just say that I will do so at your convenience to discuss any of these matters. I just want to be sure that it is very clear that I am available to do that.

I come here this morning, sir, with somewhat always mixed emotions when I come back to the place, here, the Senate, where I worked for almost 18 years on the staff of the Senate Armed Services Committee. I have many heroes here in this body and some of them are here this morning, so I appreciate very much the opportunity to come and testify before the subcommittee on the President's fiscal year 2004 budget for the Civil Works Program of the Army Corps of Engineers. I am accompanied this morning by Lieutenant General Robert Flowers, General Bob Griffin, and Rob Vining.

I am going to take just a moment to say something about General Flowers, and the committee already knows this very well, but this is one of the Army's most capable general officers. He provides extraordinary leadership to the Corps of Engineers. It is an honor and a privilege for me to work alongside him in this—on these important matters.

#### PREPARED STATEMENT

With your permission, Mr. Chairman, I would like to summarize my statement and ask your permission that the complete statement be included in the record.

Senator COCHRAN. Without objection, it will be included in the record.

[The statement follows:]

## PREPARED STATEMENT OF LES BROWNLIE

## INTRODUCTION

Mr. Chairman and distinguished members of the Subcommittee, thank you for the opportunity to testify before this subcommittee of the Transportation and Infrastructure Committee and to present the President's budget for the Civil Works program of the Army Corps of Engineers for fiscal year 2004. Accompanying me this morning is Lieutenant General Robert B. Flowers, Chief of Engineers.

## ARMY CIVIL WORKS PROGRAM FOR FISCAL YEAR 2004

The fiscal year 2004 budget for Army Civil Works provides funding to continue the development and restoration of the Nation's water and related resources, the operation and maintenance of existing navigation, flood damage reduction, and multiple-purpose projects, the protection of the Nation's regulated waters and wetlands, and the cleanup of sites contaminated as a result of the Nation's early atomic weapons program.

The fiscal year 2004 budget for Army Civil Works includes new discretionary funding requiring appropriations of \$4.194 billion and an estimated \$4.234 billion in outlays from discretionary funding (see Table 1). These figures are approximately the same as in the fiscal year 2003 budget.

The new discretionary funding includes \$812 million from the Harbor Maintenance Trust Fund. Of this amount, \$607 million is for harbor operation and maintenance and dredged material disposal facility construction under existing law and \$205 million is for harbor construction under a legislative proposal set forth in appropriations language proposed in the budget. The discretionary funding also includes \$256 million from the Inland Waterways Trust Fund. Of this amount, \$110 million is for construction and rehabilitation on the inland waterways under existing law, and \$146 million is for operation and maintenance of the inland waterways under a legislative proposal set forth in appropriations language proposed in the budget. The new uses proposed for these two funds are described in greater detail in the discussion of budget highlights.

The Administration is submitting a legislative proposal for direct funding of hydropower facility operation and maintenance by Federal power marketing administrations. New discretionary funding of \$145 million would be derived from direct funding. This proposal also is described in greater detail in the discussion of budget highlights.

Other sources of new discretionary funding include \$2.947 billion from the general fund and \$34 million from Special Recreation User Fees.

Additional program funding, over and above funding from the sources requiring discretionary appropriations, is estimated at \$494 million. This total includes \$143 million from the Bonneville Power Administration for operation and maintenance of hydropower facilities in the Pacific Northwest, \$278 million contributed by non-Federal interests for their shares of project costs and for project-related work, \$58 million from the Coastal Wetlands Restoration Trust Fund, and \$16 million from miscellaneous permanent appropriations.

Preparation of this year's budget included a new process for assessments of program performance. These assessments were intended to improve the effectiveness of Civil Works programs and to improve the quality of their management and oversight. These assessments, and how their results are reflected in budget decisions, are described in greater detail in the discussion of budget highlights.

## PROGRAM HIGHLIGHTS

Highlights of the fiscal year 2004 budget for Army Civil Works include: an emphasis on priority missions, anti-terrorist facility protection, and emergency preparedness, response, and recovery; an emphasis on continuing construction projects and a de-emphasis on design and initiation of new projects; and legislative proposals for expanded user financing of projects through the Harbor Maintenance Trust Fund, the Inland Waterways Trust Fund, and the Federal power marketing administrations. These highlights are described in greater detail below and are followed by information on proposed studies and management initiatives.

*Priority Missions*

The budget gives priority to ongoing studies, projects and programs that provide substantial benefits in the primary (or "core") missions of the Civil Works program, which are commercial navigation, aquatic ecosystem restoration, and flood and storm damage reduction.

The budget also provides funding for other areas of Corps involvement, including regulatory protection of waters and wetlands, cleanup of sites contaminated by the Nation's early atomic weapons program, and the management of natural resources and provision of hydroelectric power and recreation services at Federally operated Civil Works projects.

No funds are provided for studies and projects that carry out non-traditional missions that should remain the responsibility of non-Federal interests or other Federal agencies, such as wastewater treatment, irrigation water supply, and municipal and industrial water supply treatment and distribution. Furthermore, the budget does not fund individual studies and projects that are inconsistent with established policies governing the applicable missions.

#### *Anti-Terrorist Facility Protection*

Following the events of September 11, 2001, the Corps received appropriations of \$174 million to provide facility protection measures (such as guards) that have recurring costs, to perform assessments of threats and consequences at critical facilities, and to design and implement the appropriate "hard" protection at those critical facilities. The Administration is continuing its commitment to facility protection in fiscal year 2004, with a budget of an additional \$104 million for facility protection.

In addition, the budget includes a legislative proposal, set forth in appropriations language proposed in the budget, to use funding from the Operation and Maintenance (O&M) account to protect not only operating Civil Works projects that normally are funded from the O&M account, but also administration buildings and facilities and those operating projects that normally are funded from the Flood Control, Mississippi River and Tributaries account. This legislative proposal would also authorize using Civil Works O&M funds to pay for protecting the Washington Aqueduct drinking water plant, which is normally funded from revenues that are generated by selling drinking water and subsequently appropriated in the District of Columbia Appropriations Act each year.

Of the \$104 million in the fiscal year 2004 O&M budget for facility protection, \$91 million is for O&M-funded projects and \$13 million is for other projects and facilities.

#### *Emergency Preparedness, Response, and Recovery*

The Flood Control and Coastal Emergencies account finances response and recovery activities for flood, storm, and hurricane events, as well as preparedness for these natural events and for support to the Federal Emergency Management Agency through the Federal Response Plan.

The recent performance assessment of this program concluded that it is moderately effective overall. The fiscal year 2004 budget provides \$70 million for this account. This amount is approximately what the Corps spends on emergencies in a typical year. This amount would ensure that there are sufficient funds to respond to major flood and storm emergencies and would reduce the likelihood of having to borrow from other accounts or seek emergency supplemental appropriations for recovery efforts.

#### *Emphasis on Ongoing, Budgeted Construction Projects*

The Corps estimates that current backlog (that is, the estimated costs to complete construction projects funded in the budget) exceeds \$20 billion. In recent years, these projects have had to compete for funding with numerous new construction starts. To maximize the net benefits of the construction program and realize those benefits more quickly than under current trends, the budget limits funding for the planning and design of new projects, provides funding to complete all of the projects that can be completed in fiscal year 2004, and provides substantial funding for eight projects that we consider to be the highest Civil Works priorities nationwide.

The budget includes funding for continuation of 148 projects and completion of 13 projects. In addition, the budget includes funding across all accounts to continue or complete design of 22 proposed projects. These projects were selected based on their economic and environmental returns and because design is nearing completion. The budget defers work on all lower priority design efforts.

Table 2 (attached) displays benefit/cost information on projects under construction. The table provides information on remaining benefits and remaining costs and is presented for all projects at a discount rate of 7 percent.

#### *Expanded Use of Navigation Trust Funds*

The budget includes legislative proposals to expand the authorized uses of the Inland Waterways Trust Fund and the Harbor Maintenance Trust Fund. These proposals would shift some costs now borne by general taxpayers to the commercial users of Federal navigation projects, and would apply the unused balances in these



accounts in fiscal year 2004 for the benefit of navigation. These legislative proposals are included in the proposed appropriations language appearing in the Budget Appendix for fiscal year 2004.

The Inland Waterways Trust Fund would be used to finance 25 to 50 percent of operation and maintenance costs for inland waterways, in addition to the currently authorized financing for 50 percent of construction costs. Inland waterways with average commercial traffic of more than 5 billion ton-miles per year would be financed 25 percent. All other inland waterways would be financed 50 percent.

The 5 billion ton-mile criterion was selected to distinguish between high commercial-traffic projects that would be funded 75 percent from the general fund and 25 percent from the Inland Waterways Trust Fund and those projects with lower commercial traffic that would be funded 50 percent from each source. This criterion was used because the projects with commercial tonnage above the criterion are those that provide a greater return to the Nation and, consequently, are suitable for a higher level of support from general taxpayers.

The Harbor Maintenance Trust Fund would be used to finance the Federal share of harbor construction costs, in addition to the currently authorized financing for the Federal share of harbor operation and maintenance costs and for the Federal share of the costs of confined dredged material disposal facilities.

#### *Direct Financing of Hydropower Operation and Maintenance Costs*

Historically, each year the Army Civil Works program has financed the operation and maintenance costs of Corps of Engineers hydroelectric facilities, and Federal power marketing agencies have repaid the Treasury for these costs from the revenues provided by ratepayers. The exception has been in the Pacific Northwest, where under section 2406 of the National Energy Policy Act of 1992, Public Law 102-486, the Bonneville Power Administration (BPA) has directly financed the costs of operating and maintaining the Corps' hydroelectric facilities from which it receives power. BPA has been providing operation and maintenance funds in this manner each year, beginning in fiscal year 1999, and all parties agree that this financing arrangement is working well.

Each year, Corps facilities experience unplanned outages around 3 percent of the time. In 1999, the General Accounting Office found that the Corps' hydropower facilities are twice as likely to experience "unplanned outages" as private sector facilities, because the Corps does not always have funds for maintenance and repairs when needed.

To address this problem, the budget proposes that the Southeastern Power Administration, the Southwestern Power Administration, and the Western Area Power Administration finance hydropower operation and maintenance costs directly, in a manner similar to the mechanism used by Bonneville. The budget contemplates that these power marketing administrations would make those hydropower operation and maintenance investments that they believe are justified in order to provide economical, reliable hydropower to their customers and that, as a consequence, unplanned outages would decline over time to levels comparable to the industry average. The Administration is submitting this legislative proposal for consideration as part of proposed authorizing legislation for the Department of Energy and related agencies.

#### PROPOSED STUDIES AND MANAGEMENT INITIATIVES

The fiscal year 2004 budget for Civil Works includes a limited number of new studies, as well as a number of management initiatives. These proposals are designed to support the Administration's priorities, to improve program effectiveness, and to improve the quality and objectivity of project planning and review.

The budget includes a number of proposals that, taken together, represent a strong commitment to improving the quality and objectivity of planning and review for new projects. The budget includes \$3 million to initiate the independent review of complex, costly, or controversial project proposals. The budget also includes \$2 million for a new, one-time "ex-post-facto" economic analysis of completed projects, to assess whether Corps projects are delivering the benefits that were anticipated when they were planned. This study will help the Corps to see where it was right and where it was wrong, and to understand the reasons for its successes and failures in its process for estimating benefits, in order to improve future analyses. In addition, the budget contemplates realigning Corps planning expertise to ensure that this capability is used to best advantage. Concurrently, the Corps is improving planner training and streamlining and standardizing its business processes, and my office has established a project planning and review group to oversee project development.

The budget includes \$1 million to initiate a new study of long-term options for the operation and maintenance of existing low-use harbors and waterways. The study would characterize the low-use facilities and would include economic analyses supporting the options.

Five programs within Civil Works were assessed during development of the fiscal year 2004 budget: the hydropower program; the flood damage reduction program; the inland waterway navigation program; the Flood Control and Coastal Emergencies program; and wetlands-related activities other than the Regulatory Program. In addition, the effectiveness and cost of wetlands and flood damage reduction activities were compared with other agencies. In response to the Flood Control and Coastal Emergencies program evaluation, the budget allocates significant funding to this program. After reviewing the evaluation of the flood damage reduction program, we increased funding for our two highest priority projects and identified them for the first time in the budget. The reviews also helped in developing the financing proposals for inland waterways and hydropower, described above.

The Army Civil Works program is continuing its efforts to integrate strategic and performance planning with budgeting, which is part of the President's Management Agenda and is required by the Government Performance and Results Act. A draft Strategic Plan for the Army Civil Works program is being reviewed. In addition, draft performance plans for the Army Civil Works program are under review. After completion of Administration review, all of these plans will be transmitted to Congress.

There are four other elements of the President's Management Agenda. For the human capital initiative, the Corps of Engineers has prepared and is carrying out a strategic human capital plan. The Corps is reviewing its current organization and management in an effort to improve the quality and objectivity of project planning work. For the financial management initiative, the Corps is working with the Department of Defense Inspector General to resolve audit issues and obtain an unqualified audit opinion on its financial statements for future fiscal years. For electronic government and information technology, the Corps has upgraded its capital planning and control processes and prepared business cases for most of its key systems. For competitive sourcing of commercial functions, the Corps has prepared a draft competition plan, which is under review. The Corps is also responding to the Army's "third wave" initiative supporting Army transformation, the war on terrorism, and the competitive sourcing initiative.

#### APPROPRIATION ACCOUNTS

##### *General Investigations*

The budget for the General Investigations program is \$100 million. Within this amount, \$10 million is to continue or complete preconstruction engineering and design of 19 projects. The funding levels proposed for this account—and the way that we have proposed to allocate that funding—are key elements for our strategy to address the construction backlog. They reflect an emphasis on completing policy-consistent projects that are already budgeted in the Construction account, rather than continuing to plan, design, and initiate new work.

The remaining funding would be used to continue policy-consistent reconnaissance and feasibility studies, coordination, technical assistance, and research and development, as well as to initiate 5 reconnaissance studies and the independent review and ex post facto analysis studies described above. The budget includes funding for 5 new reconnaissance studies that exemplify the watershed-based approach to solving water problems and would enable the Corps to test holistic methods for planning sustainable watershed development. (After the fiscal year 2004 budget was released, the Congress provided funding to initiate one of the studies in fiscal year 2003.)

##### *Construction*

The fiscal year 2004 budget for the Construction program is \$1.35 billion. Of that total, \$110 million would be derived from the Inland Waterways Trust Fund to fund 50 percent of the costs of construction and major rehabilitation of inland waterway projects, and \$7 million would be derived from the Harbor Maintenance Trust Fund to fund the Federal share of dredged material disposal facilities at operating coastal harbor projects. In addition, under the Administration's legislative proposal, \$205 million would be derived from the Harbor Maintenance Trust Fund to fund the Federal share of construction costs for coastal harbor projects.

With three exceptions, funding is included in this account only for projects that meet the following criteria: the project has been funded in this account in a previous budget request; physical construction of the project has started by fiscal year 2003; the project has been actively under physical construction in at least one of the last

3 years; and the Executive Branch has completed a review and made a determination that the project supports priority missions and is consistent with established policies.

The three exceptions include one project proposed in the fiscal year 2004 budget as a construction new start, the Chief Joseph Dam Gas Abatement Project, Washington, which is necessary in order to satisfy the requirements of Biological Opinions for the Columbia River Basin. (After the fiscal year 2004 budget was released, the Congress provided funding to initiate construction of this project in fiscal year 2003.) The other two exceptions involve preconstruction work at two projects, namely, design of the dam safety improvement project at Success Dam, California, and continuing analysis and coordination for the Delaware River Main Channel Deepening Project, New Jersey, Pennsylvania, and Delaware.

In addition to funding the completion of 13 projects in fiscal year 2004, the budget provides substantial funding for our eight highest priority projects. These high priority projects are the New York and New Jersey Harbor deepening project (\$115 million); the Olmsted Locks and Dam, Illinois and Kentucky, project (\$73 million); projects to restore the Florida Everglades (\$145 million) and the side channels of the Upper Mississippi River system (\$33 million); projects to provide flood damage reduction to urban areas, namely, the Sims Bayou, Houston, Texas, project (\$12 million) and the West Bank and Vicinity, New Orleans, Louisiana, project (\$35 million); and projects to meet environmental requirements in the Columbia River Basin (\$98 million) and the Missouri River basin (\$22 million). The Everglades work actually is comprised of three distinct projects, as is the Columbia River Basin work.

The budget provides \$80 million for planning, design, and construction of projects under the Continuing Authorities Program. These are small projects for flood damage reduction, navigation, shoreline protection, streambank protection, navigation project impact mitigation, clearing and snagging, aquatic ecosystem restoration, beneficial uses of dredged material, and project modifications for improvement of the environment.

The continuing program for beneficial uses of dredged material is being expanded to encompass additional types of beneficial uses at operating projects. In addition to restoring aquatic resources pursuant to section 204 of the Water Resources Development Act (WRDA) of 1990, the program also would be used for shore protection with dredged material pursuant to section 145 of WRDA 76, as amended by section 933 of WRDA 86, and for other beneficial uses with dredged material pursuant to section 207 of WRDA 96.

#### *Flood Control, Mississippi River and Tributaries*

The budget includes \$280 million for the Mississippi River and Tributaries program. The budget directs funding to the priority flood damage reduction projects on the mainstem of the Mississippi River and in the Atchafalaya River Basin, Louisiana. No funding is provided for studies or projects that represent non-traditional missions or are inconsistent with established policies. No funding is provided for new studies or projects.

The budget includes funding for preconstruction engineering and design for the Morganza to the Gulf, Louisiana, project. This project numbers among the 22 projects program-wide that are funded for continuing preconstruction engineering and design.

#### *Operation and Maintenance*

The budget provides funding for the Army Corps of Engineers to carry out its operation and maintenance responsibilities at Corps-operated projects for the purposes of commercial navigation, flood damage reduction, recreation, natural resources management, and multiple purposes including hydroelectric power generation. The budget proposes that this account fund anti-terrorist facility protection across all of these purposes and at Civil Works projects and facilities normally funded from this and other accounts, as explained earlier.

The overall budget for the Operation and Maintenance account is \$1.939 billion. Of this amount, \$600 million would be derived from the Harbor Maintenance Trust Fund for coastal harbor maintenance and \$34 million would be derived from Special Recreation User Fees. Under the Administration's legislative proposals, \$146 million would be derived from the Inland Waterways Trust Fund to finance 25 to 50 percent of the operation and maintenance costs for the inland waterways, and \$145 million would be derived from direct funding by three Federal power marketing administrations to finance hydropower operation and maintenance costs. In addition to this funding, Bonneville Power Administration would provide \$143 million to directly fund the costs of operating and maintaining hydropower facilities in the Pacific Northwest.

The navigation maintenance portion of the budget continues the past policy of focusing resources on harbors and waterways that have high volumes of commercial traffic or that support Federal or subsistence usage. No funds are provided for purely recreational harbors, and the budget limits funding for shallow draft harbors and for low commercial-use waterways. The budget provides: \$620 million for deep draft harbors (harbors with authorized depths of greater than 14 feet); \$40 million for shallow draft harbors; \$311 million for inland waterways with commercial traffic of more than 1 billion ton-miles per year; and \$71 million for waterways with less commercial traffic, with priority given to those operation and maintenance activities that provide the highest return to the Nation.

The new study of long-term options for low-use harbors and waterways reflects an effort to reach agreement on how to address the needs of these harbors and waterways.

#### *Regulatory Program*

The budget for the Regulatory Program is \$144 million. These funds would be used for permit evaluation, enforcement, oversight of mitigation efforts, administrative appeals, watershed studies, special area management plans, and environmental impact statements. This funding supports continued efforts to reduce the average review time for individual permit applications, to improve protection of aquatic resources, and to strengthen protection of regulated wetlands through watershed approaches.

#### *Formerly Utilized Sites Remedial Action Program (FUSRAP)*

The Formerly Utilized Sites Remedial Action Program (FUSRAP) is an environmental cleanup program for sites contaminated as a result of the Nation's early efforts to develop atomic weapons. Congress transferred the program from the Department of Energy in fiscal year 1998. We are continuing to implement needed cleanups at contaminated sites. This year's budget is \$140 million.

#### *General Expenses*

Funding budgeted for the General Expenses program is \$171 million. These funds would be used for executive direction and management activities of the Corps of Engineers headquarters, the Corps division offices, and related support organizations. Within the budgeted amount, \$9 million is for activities funded for the first time from this account: \$2 million is to compete commercial functions between the Federal government and private sources; and \$7 million is to audit the Civil Works financial statements, a function formerly carried out by the Army Audit Agency using its own funding. After adjusting for these two items, the amount of our request is \$8 million above the fiscal year 2003 enacted level. We would use the \$8 million to finance increases in labor costs and efforts to improve planning and management capabilities.

#### *Flood Control and Coastal Emergencies*

As discussed above, the budget includes \$70 million for this account to ensure that the Corps has adequate funding available for emergency preparedness and response to actual emergency events.

#### CONCLUSION

I believe the President's fiscal year 2004 budget for the Army Civil Works program is balanced and will make productive contributions to the economic and environmental well-being of the Nation. The budget continues support to ongoing work, emphasizes primary missions, and applies resources to areas likely to have the greatest national benefit. Providing the requested funding for the Army Civil Works program is a wise investment in the Nation's future.

Thank you.

TABLE 1.—DEPARTMENT OF THE ARMY CORPS OF ENGINEERS—CIVIL WORKS FISCAL YEAR 2004 BUDGET

	Amount
Requested Funding:	
General Investigations .....	\$100,000,000
Construction .....	1,350,000,000
Operation and Maintenance .....	1,939,000,000
Regulatory Program .....	144,000,000
Flood Control, Mississippi River and Tributaries .....	280,000,000

TABLE 1.—DEPARTMENT OF THE ARMY CORPS OF ENGINEERS—CIVIL WORKS FISCAL YEAR 2004 BUDGET—Continued

	Amount
General Expenses .....	171,000,000
Flood Control and Coastal Emergencies .....	70,000,000
Formerly Utilized Sites Remedial Action Program .....	140,000,000
<b>TOTAL .....</b>	<b>4,194,000,000</b>
<b>Sources of Funding:</b>	
General Fund .....	2,947,000,000
Harbor Maintenance Trust Fund .....	812,000,000
(O&M) .....	(600,000,000)
(Construction—Disposal Facilities) .....	(7,000,000)
(Construction—Legislative Proposal) .....	(205,000,000)
Inland Waterways Trust Fund .....	256,000,000
(Construction) .....	(110,000,000)
(O&M—Legislative Proposal) .....	(146,000,000)
Special Recreation User Fees—O&M .....	34,000,000
Power Marketing Admin.—O&M Leg. Proposal .....	145,000,000
<b>TOTAL .....</b>	<b>4,194,000,000</b>
<b>Additional New Resources:</b>	
Rivers and Harbors Contributed Funds .....	278,000,000
Bonneville Power Administration .....	143,205,000
Coastal Wetlands Restoration Trust Fund .....	57,680,000
Permanent Appropriations .....	15,605,000
<b>TOTAL .....</b>	<b>494,490,000</b>
<b>Total Program Funding .....</b>	<b>4,688,490,000</b>

TABLE 2.—CONSTRUCTION, GENERAL 1—FISCAL YEAR 2004 BUDGETED PROJECTS WITH BENEFIT-COST DATA SHOWN AT 7 PERCENT  
[In thousands of dollars]

DIV	NAME	7 PERCENT RATE						NO INFL TOT FED COST	PRES BUD FISCAL YEAR 2004	NO INFL FED BAL TO COMPLETE	NO INFL TOTAL N— FED COST	NO INFL BAL TO COMPL
		AVG ANN REM BEN	AVG ANN REM COST	7 PERCENT R/R/C <sup>2</sup>	AVG ANN CUR BEN	AVG ANN CUR COST	NET BENEF/ ANN COST <sup>3</sup>					
LR	INDIANA HARBOR (CONFINED DISPOSAL FACILITY), IN .....	21,669	5,500	3.10	21,669	6,987	2.10	40,000	5,700	18,837	38,000	24,691
LR	INDIANAPOLIS, WHITE RIVER (NORTH), IN .....	3,445	704	4.89	3,445	1,349	1.55	12,857	2,600	5,865	4,286	1,366
LR	KENTUCKY LOCK AND DAM, TENNESSEE RIVER, KY .....	66,509	26,753	2.49	66,509	41,741	.59	579,050	24,866	439,878	.....	.....
LR	LITTLE CALUMET RIVER, IN .....	10,074	5,130	1.96	18,578	11,722	.58	139,000	3,800	47,327	51,000	15,198
LR	LOCKS AND DAMS 2, 3 AND 4, MONONGAHELA RIVER, PA .....	157,204	60,486	2.60	157,204	82,303	.91	702,966	35,000	424,488	.....	.....
LR	MARMET LOCK, KANAWHA RIVER, WV .....	66,109	11,400	5.80	66,109	18,900	2.50	324,706	52,154	186,764	.....	.....
LR	MCALPINE LOCKS AND DAM, OHIO RIVER, KY & IN .....	53,957	20,102	2.68	53,957	31,808	.70	324,000	26,100	209,304	.....	.....
LR	MCCOOK AND THORNTON RESERVOIRS, IL .....	109,912	57,336	1.92	109,912	61,715	.78	572,000	18,000	499,294	164,000	47,064
LR	METROPOLITAN LOUISVILLE, BEARGRASS CREEK, KY .....	2,652	263	10.08	2,652	977	1.71	7,895	1,400	1,847	4,251	196
LR	METROPOLITAN LOUISVILLE, POND CREEK, KY .....	4,527	480	9.43	4,763	2,349	1.03	13,414	2,500	641	5,772	889
LR	METROPOLITAN REGION OF CINCINNATI, DUCK CREEK, OH .....	3,821	2,376	1.61	4,198	3,681	.14	31,743	8,500	13,823	4,200	814
LR	MILL CREEK, OH .....	51,544	53,043	.97	52,550	82,743	−0.36	154,156	3,900	45,952	215,000	127,270
LR	OHIO RIVER GREENWAY PUBLIC ACCESS, IN .....	7,401	3,082	2.40	7,401	3,761	.97	16,900	1,000	12,535	16,900	15,280
LR	OLMSTED LOCKS AND DAM, OHIO RIVER, IL & KY .....	719,817	46,737	15.40	720,430	144,109	4.00	1,003,000	73,000	287,536	.....	.....
LR	ROBERT C BYRD LOCKS AND DAM, OHIO RIVER, WV & OH .....	307,716	2,164	142.20	307,716	18,686	15.47	380,626	2,500	11,916	.....	.....
LR	WEST COLUMBUS, OH .....	24,050	1,211	19.86	24,050	13,376	.80	96,937	1,800	3,330	36,200	3,800
LR	WINFIELD LOCKS AND DAM, KANAWHA RIVER, WV .....	103,734	2,491	41.64	103,734	7,239	13.33	235,462	2,000	5,538	.....	.....
MV	CHAIN OF ROCKS CANAL, MISSISSIPPI RIVER, IL (DEF CORR) .....	2,647	1,000	2.18	2,647	1,213	1.18	30,861	2,300	21,309	.....	.....
MV	COMITE RIVER, LA .....	24,904	13,202	1.89	24,904	15,033	.66	103,000	2,000	85,639	42,000	18,392
MV	CROOKSTON, MN .....	769	89	8.64	1,118	739	.51	6,830	1,043	.....	3,670	.....
MV	EAST ST LOUIS, IL .....	22,778	920	21.51	22,778	1,059	20.51	54,638	965	22,319	16,000	4,441
MV	GRAND FORKS, ND—EAST GRAND FORKS, MN .....	32,627	18,322	1.78	32,627	32,400	.01	202,700	23,496	90,263	193,300	89,856

MV	INNER HARBOR NAVIGATION CANAL LOCK, LA	110,800	54,317	2.04	110,800	60,115	.84	625,000	7,000	530,851	60,000	48,876
MV	J BENNETT JOHNSTON WATERWAY, LA	53,351	7,213	7.40	133,284	137,854	-0.03	1,917,456	13,700	140,633	93,832	45,538
MV	LAKE PONTCHARTRAIN AND VICINITY, LA (HURRICANE PROTECTION)	14,512	4,540	3.20	95,771	68,669	.39	515,000	3,000	72,353	200,000	42,038
MV	LAROSE TO GOLDEN MEADOW, LA (HURRICANE PROTECTION)	1,453	69	21.06	4,146	2,172	.91	80,300	461	1,905	34,700	1,416
MV	LOVES PARK, IL	765	345	2.22	3,056	2,161	.41	23,625	5,785		8,669	
MV	MERAMEC RIVER BASIN, VALLEY PARK LEVEE, MO	2,773	1,001	2.54	2,773	1,091	1.54	44,966	2,000	23,504	11,233	
MV	MISS RIVER BTWN THE OHIO AND MO RIVERS (REG WORKS), MO & IL	261,809	7,225	21.42	261,809	12,225	20.42	257,038	1,700	50,462		
MV	MISSISSIPPI RIVER SHIP CHANNEL, GULF TO BATON ROUGE, LA	972,000	59,000	16.47	1,350,000	145,000	8.31	175,000	196	147,042	404,000	387,727
MV	NEW ORLEANS TO VENICE, LA (HURRICANE PROTECTION)	2,435	1,152	2.11	14,999	14,143	.06	174,000	2,000	22,844	70,000	27,282
MV	SHEYENNE RIVER, ND	6,412	253	25.34	22,684	2,375	8.55	35,900	3,367		13,300	
MV	SOUTHEAST LOUISIANA, LA	54,877	14,738	3.72	54,877	17,957	2.06	508,000	16,500	157,869	172,000	59,909
MV	WEST BANK AND VICINITY, NEW ORLEANS, LA	71,282	9,516	7.49	98,682	19,465	4.07	190,000	35,000	77,213	102,500	49,529
NA	AIWW BRIDGE AT GREAT BRIDGE, VA	4,084	2,329	1.75	4,084	3,832	.07	37,243	9,706	9,217	8,875	4,524
NA	DELAWARE RIVER MAIN CHANNEL, NJ, PA & DE	24,659	22,000	1.01	24,659	24,393	.01	155,825	300	137,653	88,980	71,011
NA	NEW YORK AND NEW JERSEY HARBOR, NY & NJ	709,196	243,880	2.91	709,196	263,760	1.69	1,679,700	115,000	1,113,561	1,524,100	1,242,079
NA	PASSAIC RIVER PRESERVATION OF NATURAL STORAGE AREAS, NJ	1,461	1,135	1.29	1,826	1,418	.29	19,500	1,000	8,159	1,700	1,700
NA	RARITAN RIVER BASIN, GREEN BROOK SUB-BASIN, NJ	43,553	21,075	2.07	43,553	31,419	.39	304,400	6,488	249,873	102,500	82,409
NA	WYOMING VALLEY, PA (LEVEE RAISING)	27,143	3,877	7.00	27,143	12,832	1.12	129,422	10,021	24,271	43,602	5,952
NW	BIG SIOUX RIVER, SIOUX FALLS, SD	3,822	1,877	2.04	3,822	3,296	.16	30,869	6,000	13,280	10,404	2,238
NW	BLUE RIVER BASIN, KANSAS CITY, MO	2,564	1,108	2.31	2,564	1,237	1.07	11,821	2,000	7,330	6,505	197
NW	BLUE RIVER CHANNEL, KANSAS CITY, MO	16,697	3,062	5.45	43,519	14,981	1.90	215,724	6,000	22,506	32,500	
NW	ELK CREEK LAKE, OR	3,606	4,689	.77	3,606	14,715	-0.75	179,400	500	67,188		
NW	PERRY CREEK, IA	2,430	1,514	1.60	7,791	6,918	.13	58,638	2,200	17,658	38,232	3,051
NW	PIERRE, SD	2,099	1,004	2.09	6,264	2,996	1.09	35,000	4,300	6,555		
NW	WOOD RIVER, GRAND ISLAND, NE	2,177	68	31.85	2,177	1,013	1.15	9,006	1,082		3,713	
PO	KIKIAOLA SMALL BOAT HARBOR, KAUAI, HI	631	172	3.67	631	453	.39	5,934	3,633	632	760	70
PO	MAALAEA HARBOR, MAUI, HI	2,407	740	3.25	2,407	1,025	1.35	14,212	191	9,565	1,589	1,570
PO	NOME HARBOR IMPROVEMENTS, AK	3,608	3,000	1.20	3,608	3,098	.16	42,673	6,000	31,611	4,482	1,378
PO	ST PAUL HARBOR, AK	2,613	2,030	1.29	2,613	4,157	-0.37	47,944	3,826	19,962	10,501	
SA	ARECIBO RIVER, PR	5,807	1,382	4.20	6,112	1,454	3.20	14,877	1,000	5,404	11,520	3,847

TABLE 2.—CONSTRUCTION, GENERAL<sup>1</sup>—FISCAL YEAR 2004 BUDGETED PROJECTS WITH BENEFIT-COST DATA SHOWN AT 7 PERCENT—Continued

[In thousands of dollars]

DIV	NAME	7 PERCENT RATE						NO INFL TOT FED COST	PRES BUD FISCAL YEAR 2004	NO INFL FED BAL TO COMPLETE	NO INFL TOTAL N- FED COST	NO INFL BAL TO COMPL
		AVG ANNU REM BEN	AVG ANNU REM COST	7 PERCENT RB/RC <sup>2</sup>	AVG ANNU CUR BEN	AVG ANNU CUR COST	NET BENEF/ ANNU COST <sup>3</sup>					
SA	BRUNSWICK HARBOR, GA .....	6,757	2,081	3.25	6,797	3,597	.89	55,200	4,500	36,974	23,700	9,792
SA	CANAVERAL HARBOR, FL .....	5,186	3,123	1.66	7,304	4,398	.66	85,301	2,000	47,054	4,968	8
SA	CHARLESTON HARBOR, SC (DEEPENING & WID- ENING) .....	12,158	3,672	3.31	22,995	11,775	.95	98,200	5,000	4,556	40,100	5,043
SA	JACKSONVILLE HARBOR, FL .....	1,012	1,269	.80	3,080	2,255	.37	19,620	2,000	3,959	27,457	1,512
SA	MIAMI HARBOR CHANNEL, FL .....	6,497	4,706	1.38	8,779	6,358	.38	55,771	2,700	15,823	36,246	10,670
SA	MOBILE HARBOR, AL .....	105,308	65,587	1.61	105,308	64,337	.64	315,000	2,003	283,085	260,000	249,673
SA	OATES CREEK, RICHMOND COUNTY, GA (DEF CORR) .....	190	62	3.06	190	167	.14	11,094	500	.....	3,699	.....
SA	PASCAGOULA HARBOR, MS .....	2,572	600	4.29	2,572	3,000	-0.14	37,678	2,989	.....	19,000	1,698
SA	PORTUGUES AND BUCANA RIVERS, PR .....	7,040	1,359	5.18	46,934	9,060	4.18	430,232	5,200	24,201	144,757	24,139
SA	RICHARD B RUSSELL DAM AND LAKE, GA & SC ..	5,480	597	9.18	126,165	43,319	1.91	619,210	4,328	5,275	3,260	1,360
SA	RIO DE LA PLATA, PR .....	9,490	6,024	1.58	10,204	6,450	.58	58,713	1,100	50,697	33,148	13,145
SA	RIO PUERTO NUEVO, PR .....	45,686	18,208	2.51	60,915	24,277	1.51	293,383	16,500	185,878	101,813	40,243
SA	ROANOKE RIVER UPPER BASIN, HEADWATERS AREA, VA .....	4,632	2,760	1.68	4,632	3,843	.21	42,000	2,000	30,097	22,000	15,349
SA	WILMINGTON HARBOR, NC .....	14,468	6,124	2.36	39,292	26,532	.48	290,000	9,650	115,583	141,000	33,655
SP	ALAMOGORDO, NM .....	8,327	1,928	4.32	8,327	3,625	1.30	38,100	3,500	18,942	12,700	5,740
SP	AMERICAN RIVER WATERSHED (FOLSOM DAM MODIFICATIONS), CA .....	30,700	14,420	2.13	30,700	17,453	.76	119,700	4,000	95,883	64,400	51,517
SP	AMERICAN RIVER WATERSHED, CA .....	42,300	6,890	6.14	42,300	18,439	1.29	90,100	4,000	.....	29,990	.....
SP	EL PASO, TX .....	6,366	1,065	5.98	10,873	10,569	.03	122,800	2,800	1,538	39,690	295
SP	GUADALUPE RIVER, CA .....	25,785	5,829	4.42	25,785	14,808	.74	127,950	13,000	17,611	98,920	15,665
SP	KAWAIAH RIVER, CA .....	3,954	692	5.71	3,954	3,638	.09	27,800	8,400	.....	21,700	.....
SP	MARYSVILLE/YUBA CITY LEVEE RECONSTRUC- TION, CA .....	25,530	90	283.67	25,530	4,326	4.90	37,100	500	300	12,400	.....
SP	MID-VALLEY AREA LEVEE RECONSTRUCTION, CA .....	4,126	1,662	2.48	4,126	2,487	.66	24,400	500	9,516	8,100	3,402
SP	NAPA RIVER, CA .....	15,761	7,992	1.97	15,761	15,347	.03	122,200	7,500	82,648	123,200	20,663
SP	OAKLAND HARBOR (50 FOOT PROJECT), CA .....	185,000	23,012	8.04	185,000	23,580	6.85	133,300	7,000	108,594	129,600	107,305
SP	PETALUMA RIVER, CA .....	230	145	1.59	2,275	2,252	.01	20,100	2,000	1,742	11,700	.....
SP	SANTA ANA RIVER MAINSTEM, CA .....	113,409	28,016	4.05	114,822	89,367	.28	992,000	15,700	247,497	451,000	140,308



SP	SOUTH SACRAMENTO COUNTY STREAMS, CA .....	20,266	4,532	4.47	20,266	5,405	2.75	45,600	2,100	40,023	24,700	9,230
SP	TROPICANA AND FLAMINGO WASHES, NV .....	18,934	2,686	7.05	22,276	19,854	.12	212,900	23,300	17,518	75,100	6,540
SP	TULE RIVER, CA .....	2,112	1,728	1.22	2,112	1,970	.07	16,300	1,600	13,540	8,000	1,300
SP	UPPER SACRAMENTO AREA LEVEE RECONSTRUC- TION, CA .....	1,300	174	7.47	1,300	883	.47	7,600	1,000	1,650	22,600	.....
SW	ARKANSAS CITY, KS .....	7,980	482	16.56	7,980	2,402	2.32	23,477	2,600	2,192	7,892	589
SW	BRAYS BAYOU, HOUSTON, TX .....	73,514	25,687	2.86	88,892	26,885	2.31	284,479	4,700	262,268	160,720	126,719
SW	CHANNEL TO VICTORIA, TX .....	5,587	479	11.67	5,587	2,672	1.09	31,686	2,966	.....	6,530	.....
SW	HOUSTON-GALVESTON NAVIGATION CHANNELS, TX .....	87,232	20,041	4.35	87,232	44,464	.96	433,988	18,726	225,720	148,210	70,251
SW	JOHNSON CREEK, UPPER TRINITY BASIN, AR- LINGTON, TX .....	1,119	550	1.87	1,119	598	.87	18,800	2,200	2,187	8,240	.....
SW	MONTGOMERY POINT LOCK AND DAM, AR .....	20,035	14,000	1.10	20,068	18,145	.11	261,500	20,000	30,056	.....	.....
SW	NECHES RIVER AND TRIBUTARIES SALTWATER BARRIER, TX .....	8,559	401	21.34	22,647	4,567	3.96	43,080	4,108	.....	14,360	.....
SW	SIMS BAYOU, HOUSTON, TX .....	121,160	8,075	15.00	220,290	24,827	7.87	230,000	12,000	87,268	111,617	37,369
	TOTAL .....	5,264,654	1,093,850	4.81	6,271,796	2,028,045	2.09	18,447,576	789,250	7,473,381	6,307,293	3,434,778

NOTE: EC, EC 11-2-183, Page B-2-37 states: "For beach erosion control projects where the initial fill has been completed and only periodic nourishment remains to be accomplished, enter: Not applicable because initial construction has been completed." This statement is used because the initial construction of the project is "essentially complete" and we are just "maintaining" it with the periodic renourishment. Benefit/cost data are also not required for Dam safety projects, Deficiency Correction projects, Major Rehabilitation or Environmental projects.

<sup>1</sup>Excludes WR&T projects.

<sup>2</sup>This column shows the Remaining benefit/Remaining Cost for each project calculated at a 7 percent discount rate.

<sup>3</sup>This column shows the Net Benefit-Cost ratio, i.e. the annual benefits less the annual costs divided by the annual costs, for each project calculated at a 7 percent discount rate.

Mr. BROWNLEE. I want to take one more moment, sir. As most of you know, about a year ago, I was appointed as the Acting Assistant Secretary of the Army for Civil Works in addition to my duties as the Under Secretary of the Army. And I have to tell you I anticipated that with some dread when I heard it was coming, because this is probably the part of the Army that I knew the least about, and the issues were some in which I quite frankly did not have a strong interest.

But after almost 1 year in this capacity, I just want to tell the committee that it has been an absolute pleasure for me to work on even these difficult and very important issues because of the opportunity to work with the people in the Corps of Engineers and in the Civil Works secretariat.

I have over 40 years of uninterrupted military and government service, and I have never met people that are more dedicated and capable than these folks in the Corps of Engineers. They serve the Nation very, very well, both at home and abroad. I have seen the results of their efforts and I just could not appear here without telling you how very proud I am to represent them in some capacity, to tell you that the American people and you can take great pride in what they do. They serve the Army and the Nation exceedingly well, and so it is a pleasure for me and it is with a great deal of pride that I am here this morning.

And with that, Mr. Chairman, I am here to report that the total Civil Works budget for fiscal year 2004 is \$4.2 billion. This is approximately the same amount as the total Civil Works budget for 2003.

The budget places priority on ongoing studies and projects, and the Corps' primary mission areas of commercial navigation, flood, and storm damage reduction, and aquatic ecosystem restoration. The budget emphasizes completing the ongoing construction projects that have completed the executive branch review process, and are economically justified, environmentally acceptable, technically sound, and consistent with cost-sharing policies.

The budget provides sufficient funding for 13 projects that can be physically completed in fiscal year 2004, and for eight other ongoing projects that are high priorities of the administration as well as substantial funding for the flood protection projects on the main stem of the Mississippi River. Consistent with the focus on projects that already are under construction, the budget limits funding to plan, design or initiate new projects.

However, the budget does provide funding for 22 ongoing design efforts that are estimated to provide substantial economic and environmental returns and that are nearing completion.

The budget includes a number of studies and management initiatives that are designed to support the administration's priorities, to improve program effectiveness, and to improve the quality and objectivity of project planning and review.

The budget includes funding for reconnaissance studies that exemplify the watershed-based approach to solving water problems. In addition, the budget includes \$2 million for an analysis of whether completed Corps projects are delivering benefits as planned.

Further, the budget includes \$3 million to institute an independent review of proposed projects that are likely to be costly, controversial, or complex.

The budget focuses navigation, operation and maintenance funding on harbors and waterways with high volumes of commercial traffic. The budget limits operations and maintenance funding for those shallow draft harbors and inland waterways that have little commercial use and includes \$1 million to study long-term options for operation and maintenance of those projects.

The budget emphasizes anti-terrorist protection of Civil Works projects and facilities, and includes \$104 million to improve the protection of facilities where the consequences of an attack would be great.

The budget for the regulatory program will enable continued improvements in protection of the Nation's wetlands and in the efficiency of permit reviews and decision making. The budget provides \$70 million for the Flood Control and Coastal Emergencies account. This amount will enable us to respond to major emergency and to finance most, if not all, recovery costs.

The budget includes legislative proposals to expand the uses of the Inland Waterways Trust Fund and the Harbor Maintenance Trust Fund. The budget also includes a legislative proposal for Federal power marketing administrations to directly finance the specific operation and maintenance costs of Corps of Engineers hydro-power facilities.

The Civil Works program is separately accountable to the President for implementing the President's management agenda. We are making progress on improving performance planning, financial management, human capital planning, competition planning and E-government.

In summary, I believe the fiscal year 2004 Civil Works budget is balanced in accordance with the Nation's priorities and will make productive contributions to the economic and environmental well-being of our Nation.

I look forward to working with this subcommittee on these important issues and appreciate your continuing support. Thank you.

Senator COCHRAN. Thank you, Mr. Secretary. General Flowers, do you have a statement?

General FLOWERS. Yes, sir.

#### STATEMENT OF LIEUTENANT GENERAL ROBERT B. FLOWERS

General FLOWERS. Mr. Chairman and distinguished members of the subcommittee, I am again honored to be testifying before you, along with Under Secretary Brownlee on the President's fiscal year 2004 budget for the Army's Civil Works Program.

Today, thanks to this subcommittee's strong support, the Civil Works program is balanced, responsive and highly productive. And I look forward to your continued partnership in this important program that is so broadly beneficial to the Nation.

My complete statement covers more details on the fiscal year 2004 program, the backlog, future water challenges, transforming the Corps, our business management system, and the overall value of the Corps to the Nation's economy and its national defense. With your permission, I will summarize some of these major points.

First, a word about the President's budget and the value of Civil Works to the Nation's economy and the environment: We will work aggressively to make the most efficient use possible of the fiscal year 2004 President's budget for the Army Corps of Engineers. The budget funds the critical water resources infrastructure that has improved the quality of our citizens' lives and provided a foundation for the economic growth and development of this country.

Our projects for navigation, flood protection, ecosystem restoration, hydropower generation and recreation directly contribute to the national economic might. The stream of benefits realized is reduced transportation costs, avoided flood and storm damages and improvements in environmental value are considerable.

Just a few numbers in which you may be interested: The navigation program you fund enables 2.4 billion tons of commerce to move on the navigable waterways. The U.S. Department of Transportation estimates that these cargo movements have created jobs for 13 million people.

Another fact: Corps flood damage reduction structures save taxpayers \$21 billion in damages every year in addition to the lives they save. And another: Private industry contractors carry out virtually all of our construction work and over 50 percent of our civil, planning and engineering, money that goes directly into the economy.

This budget also includes funding to support watershed studies. These studies will allow us to work collaboratively with many stakeholders. With the complexity of water problems today, we believe this is the direction we must take to develop the best, most comprehensive solutions.

Moving now to our backlogs, we estimate it will cost more than \$21 billion to complete the construction projects in the Construction, General, Program funded in the fiscal year 2004 budget.

On the maintenance backlog, we continue to be challenged as well. You can see from the numbers that I just cited on the value of Corps projects that our infrastructure is a critical element in a strong economy. Sustaining this level of service becomes more of a challenge, as our infrastructure ages.

The funding required at the end of fiscal year 2004 to complete the high priority maintenance work in the Operation and Maintenance account is slightly over \$1 billion. Now, that represents an increase of about \$127 million over last year. I can assure that I will continue to do all that I can to make these programs as cost effective as possible.

Next I would like to talk briefly about future water challenges and a few thoughts about a need for a national water policy. Last fall, the American Water Resources Association sponsored a seminar on the need for a more comprehensive water policy in the Nation. Conflicting demands for water are increasing across the country and exist in almost every major watershed.

Solutions to these complex problems will not be easy without significant changes in our evolving national water policy. Development of such policy will, in turn, require a collaboration of many government organizations at all levels.

You have my assurance that the Corps stands ready to assist you and the administration in this effort.

Turning now to the issue of Corps transformation: There are many interested in transforming the Corps, inside and outside of the organization. Some may have the larger goal of changes in current water policy in mind. Others may want us to operate more efficiently and effectively. We are listening to all of these good ideas. And I have met with individuals, industry groups and interest groups to hear what they have to say.

I have issued communications principles to ensure that all within the Corps are practicing open, effective, and timely two-way communication with the entire community of water resources interests.

And let me assure you, I am committed to working with you and all who are interested and to do all in my power to transform the Corps to meet the Nation's needs.

And finally, a subject dear to my heart, the value of the Civil Works program to national defense: All of you can be proud that the Civil Works program is a valuable asset in support of the National Security Strategy in many ways. For instance, we have a trained engineering workforce, with world-class expertise, capable of responding to a variety of situations across the spectrum of national defense. In fact, skills developed in managing Corps projects transfer to most tactical engineering-related operations.

As an example, to date, 250 civilian members of our byproduct Civil Works Program team have volunteered for deployment in support of Operation Enduring Freedom, providing engineering, construction, and real estate support. They wear uniforms like those of active duty military personnel and, by civilian standards, live under spartan conditions. Nevertheless, they are inspired by knowledge that they are participating in an important mission.

#### PREPARED STATEMENTS

In summary, the Corps is committed to staying at the leading edge in providing service to the Nation. And I truly appreciate your continued support to this end.

Thank you, sir, and members of the committee. This concludes my statement.

[The statements follow:]

#### PREPARED STATEMENT OF LIEUTENANT GENERAL ROBERT B. FLOWERS

##### INTRODUCTION

Mr. Chairman and Distinguished Members of the Subcommittee: I am honored to be testifying before your subcommittee today, along with the Acting Assistant Secretary of the Army for Civil Works, the Honorable Les Brownlee, on the President's Fiscal Year 2004 Budget for the United States Army Corps of Engineers' Civil Works Program.

My statement covers the following 6 topics:

- Summary of Fiscal Year 2004 Program Budget,
- Civil Works Program Backlogs,
- Future Water Challenges,
- Civil Works Program Transformation,
- Need for a More Robust Business Management System, and
- Other Thoughts.

##### SUMMARY OF FISCAL YEAR 2004 PROGRAM BUDGET

##### *Introduction*

This is a good budget. New funding for the Civil Works Program, including the Direct and Reimbursed programs, is expected to approach \$5.410 billion.

As shown in Table 1, Direct Program funding, including discretionary and mandatory funding appropriated directly to the Corps, totals \$4.688 billion. Discretionary funding, including amounts ultimately replaced by mandatory funding, totals \$4.194 billion; additional mandatory funding totals \$494 million.

Reimbursed Program funding is projected to be \$722 million.

#### *Direct Program*

The proposed budget reflects the Administration's commitment to continued sound development and management of the Nation's water and related land resources. It provides for continued efficient operation of the Nation's navigation, flood protection, and other water resource management infrastructure, fair regulation of the Nation's wetlands, and restoration of the Nation's important environmental resources, such as the Florida Everglades.

The budget provides for continued funding of nearly all policy-consistent studies and projects underway. It also provides for funding of 5 new reconnaissance studies under the General Investigations (GI) program.

#### *Reimbursed Program*

Through the Interagency and Intergovernmental Support Program we help non-DOD Federal agencies, State, and other countries with timely, cost-effective implementation of their programs, while maintaining and enhancing capabilities for execution of our Civil and Military Program missions. These customers rely on our extensive capabilities, experience, and successful track record. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is fully funded by the customers.

Currently, we provide reimbursable support for about 60 other Federal agencies and several State and local governments. Total reimbursement for such work in fiscal year 2004 is projected to be \$722 million. The largest share—nearly \$165 million—is expected from the Environmental Protection Agency (EPA) for cleanup of wastes at numerous sites under its Superfund program. Ninety percent of Reimbursed Program funding is provided by other Federal agencies.

#### *Staffing*

Total staffing for the Civil Works Program for fiscal year 2004 is 24,800 FTEs, unchanged from fiscal year 2003. Of the total, 23,700 FTEs are for the Direct Program and 1,100 FTEs are for the Reimbursed Program. Total staffing is allocated 90.6 percent to districts, 4.9 percent to laboratories and other separate field operating agencies, 2.7 percent to division offices, and 1.8 percent to headquarters.

### CIVIL WORKS PROGRAM BACKLOGS

#### *Introduction*

In the broadest sense, "backlog" is unfunded work. For the Civil Works Program, it is defined more specifically, as the Federal share of unfunded continuing and future work at some point in time, e.g., the beginning of some funding period, such as fiscal year 2004. This definition can be further variously qualified. Such continuing and future work could include, for example, only work that is currently programmed on projects now actively under physical construction, while excluding such work where a project has not yet begun physical construction or where physical construction has been suspended for more than a year.

#### *Construction Program*

At the end of fiscal year 2004, it will cost more than \$21 billion to complete the construction projects of the Construction, General, Program funded in the fiscal year 2004 budget, which represents essentially no change from last year. The fiscal year 2004 budget focuses resources on these projects as part of a comprehensive strategy that would deliver benefits more quickly to the many Americans who rely on worthy projects already underway, while increasing the net return from the Nation's investment in the Civil Works program.

If one were to add the costs of other conceivable work on construction projects not supported in the budget; on proposed projects that are in the planning stage or undergoing pre-construction engineering and design, and potential projects that already have advocates but are not yet officially on the drawing board, the total costs would mount quickly.

#### *Maintenance Program*

Water and related land resource management facilities of the Civil Works Program are vast. As stewards of this infrastructure, we are challenged to ensure that

it continues to provide an appropriate level of service to the nation. Sustaining such service, and the resultant flows of benefits, through proper operation and maintenance projects, is becoming increasingly more difficult because the costs of these efforts are growing as our infrastructure ages.

To facilitate sensible budgeting, the maintenance backlog is prioritized into two parts—high and lower priority work. The high priority work includes maintenance would ensure attainment of performance goals—specifically, providing continued levels of service—in the budget year. Delay in accomplishment of this work could result in more extensive and costly repairs or an increased risk of falling short of performance goals. The lower priority work is less urgent. It includes routine maintenance, major repairs, replacement of outdated or worn facilities, management improvement studies, and correction of environmental deficiencies.

At the end of fiscal year 2004, it will cost more than \$1 billion to complete the high priority maintenance work of the Operation and Maintenance, General, Program funded in the fiscal year 2004 budget, which represents an increase of \$127 million over last year. More than half of this work is for navigation facilities, which consists largely of dredging and repair of structures such as locks, dams, breakwaters, and jetties. The balance of the high priority backlog in the Operation and Maintenance account is for flood damage reduction, recreation, and environmental stewardship, and hydropower generation facilities. It consists of work such as spillway repairs, seepage control, embankment toe protection, access road and recreation facility repairs, and environmental compliance actions.

In our effort to reduce the maintenance backlog, we are looking closely at how we determine the appropriate level of service and are searching for ways to reduce costs and thereby accomplish more with available resources.

#### FUTURE WATER CHALLENGES

The Nation is facing important water and related land resources management challenges with potentially serious implications. I would like to offer the following observations and interpretations:

- As the world's climate changes, the prospect of changing hydrology and water distribution and, in turn, environmental and socioeconomic conditions, requires us to do a better job of anticipating the need for changes in water and related land resources management facilities, systems, and practices, and to improve our methods for effecting such changes.
- As global markets expand, international commerce will demand more efficient domestic ports and harbors, and improved vessel and intermodal cargo handling facilities.
- With many properties and major populations located in the Nation's floodplains, flooding will continue to be of concern. Moreover, if current trends continue, flood-prone lands and natural flood management systems will be compromised, and the threat of flood damage will increase.
- Ongoing migration of the Nation's population to coastal plains and coasts, and attendant property development, will increase risks of loss from coastal storms and hurricanes.
- The ongoing migration to coastal plains and coasts will put increasing pressure on coastal habitat, especially wetlands, and other fish and wildlife ecosystems.
- Through Water Resources Development Acts of 1996 and 1999 (WRDA 96 and WRDA 99), the American public placed the health of natural ecosystems in the forefront of the Corps of Engineers' priorities. These acts, providing additional authorities to the Corps for aquatic ecosystem restoration, wetlands management, and nonstructural floodplain management.
- As the Nation's water and related land management infrastructure ages, it must be rehabilitated, modified, replaced, or removed.
- As the Nation's population grows, there will be growing conflicts among multiple interests within watersheds wanting to use available water and related lands for diverse needs.
- The American public has a strong and growing interest in downsizing the Federal Government and, in turn, its workforce. In light of this, ongoing outsourcing and privatizing for accomplishment of government work, including engineering, will increase. An implication of this is that the nonfederal sector, including state and private interests, will have to share greater responsibility in water and related land resources management.

#### *Policy for Complex Solutions*

Our current and future water resources challenges are complex, involving competing and conflicting demands on use of the Nation's limited water and related land resources. They require, and should lead to, significant further changes in our

evolving national policy. Development of such policy will require collaboration of many government organizations, at all levels, working for the collective good of the Nation.

#### CIVIL WORKS PROGRAM TRANSFORMATION

Throughout its long and distinguished history, the Civil Works Program has continually changed in response to then-relevant factors, including advances in science, methods, and processes, changing public values and priorities, and laws. For our program to remain a viable contributor to national welfare, we must remain sensitive to such factors, and continue to reorient, rescope, and refocus the program in light of them. To that end, I'm committed to reforming the Civil Works Program to meet the Nation's current water and related land resource management needs.

Advising me in my effort to reform the Civil Works Program is the newly formed Corps Reform Network, comprising all parties interested in improving our program. On 9 February 2003 the Steering Committee for the Corps Reform Network met at Corps headquarters in Washington, D.C. to further the effort.

Let me tell you about some of the major steps we've already taken:

- Last year I issued the Corps' Environmental Operating Principles—a clear commitment to accomplishing our work in environmentally sustainable ways—with the express purpose of instilling the principles as individual values in all members of the Corps team.
- We've developed a rigorous training curriculum to improve our planning capability. This will ensure that the best science is applied in project development and that our planners will integrate economics and ecology in developing Corps projects. We're cooperating with major universities and have begun to sponsor graduate education in water resources planning. We've re-instituted our very successful Planning Associates Program.

Our Fiscal Year 2004 Budget for the Research and Development (R&D) Program includes funding to improve economic models; one of our principal efforts will be to develop the Navigation Economic Technologies program, focusing on economic methods and tools for navigation evaluations designed to address, update, and improve specific models, and to address modeling issues raised by the Corps and others. We need to make substantial modeling advances to support decision making on proposed major investments.

- We've redoubled our efforts to engage Federal, State, and local agencies, stakeholders, and the public in meaningful dialogue.
- The Corps and ASA (CW) have allocated additional resources to improve our internal review capability, and are considering other measures to further improve such capability.

Let me also tell you about the major steps we'll be taking in the months ahead:

- A report of the National Academy of Science (NAS) came out strongly in support of an independent review process. We have proposed \$3 million in our fiscal year 2004 budget to initiate selected independent reviews.
- We have proposed an ex-post-facto study of a sample of Corps projects in order to determine how well the projects are delivering anticipated benefits and to apply lessons learned to improve our current planning process. The fiscal year 2004 Budget includes \$2 million for this important effort.
- We'll be implementing every appropriate recommendation from the NAS study on planning methodologies that Congress requested in WRDA 2000.
- We'll be working with the Administration and Congress to establish one or more national centers of expertise, staffed with some of our best engineers, scientists, and economists, that will be responsible for studies of projects that are likely to be costly, complex, or controversial.

We're committed to change that leads to open and transparent modernization of the Civil Works Program for the 21st Century. To this end, we're committed to continuing the dialogue with you and the Corps Reform Network Steering Committee. Additionally, I have issued communication principles to ensure open, effective, and timely two-way communication with the entire community of water resources interests. We know well that we must continue to listen and communicate effectively in order to remain relevant.

#### NEED FOR A MORE ROBUST BUSINESS MANAGEMENT SYSTEM

##### *Introduction*

We have a reputation as the world's premier public engineering organization, which we aim to keep. Our challenge, to this end, is to "stay at the leading edge" in service to the Army, Federal Government, and Nation. The degree to which we will succeed will depend largely upon improved business operations. To enable pro-



viding service of highest relevance, we must improve our operations for more expeditious and productive performance. In recognition of this, I have been engaged, throughout my tenure as Chief, in an effort, initiated by my predecessor, to reengineer the organizations and business operations of the Corps of Engineers Civil Works and Military Programs. In that effort we have selected the project management way of doing business, or “modus operandi,” as the basis for developing a business management system and attendant organizations and operations. Accordingly, we have come to call our effort the Project Management Business Process (PMBP) Initiative.

#### *Project Management Business Process Initiative*

##### *Rationale for Selection*

Our philosophy is that everything we do is a project, and every employee is a member of some one or more project teams. Selection of the project management modus operandi as the basis for developing a business management system is consistent with this philosophy. Furthermore, the Corps has used project management principles and methods in accomplishment of much of its business throughout its existence, providing seamless, flexible, efficient, and effective service for its customers. Applying this highly successful model to all of our business was eminently logical.

##### *Purpose*

In order that our 41 districts, 8 laboratories, 2 centers, and 8 divisions to work together as one United States Army Corps of Engineers (USACE), we must establish common business practices that transcend organizational and geographic boundaries. Accordingly, the purpose of our PMBP Initiative is to develop, implement, and sustain a set of modern, standardized business processes, based on industry's best business practices, and an automated information system (AIS) to facilitate use of the PMBP throughout USACE.

##### *Implementation*

The PMBP Initiative focuses on the business relationships between and among people, including customers and stakeholders; process, and communication. To create and sustain the PMBP we must examine and define, to the PMBP system, how we do our work. In the process, we are transforming ourselves into a customer-focused, team-based, learning organization. Implementation of PMBP will be accomplished in four steps, described below, under the aegis of subject matter experts from all functions and echelons of the Corps.

##### *Policy and Doctrine*

We started this initiative with development of the Engineer Regulation ER 5-1-11, entitled “USACE Business Process,” to set forth policy and doctrine on how we will do business. It outlines goals, objectives, and strategy for using teams to accomplish projects, with customers as members of such teams. The regulation outlines seven major imperatives which apply to all work of all the Corps, specifically, that

- for any project there is one team and one project manager,
- plan for success and keep commitments,
- the project delivery team is responsible for project success,
- measure quality with the goals and expectations in the Project Management Business Process (PMBP),
- manage all work with the PMBP Manual, using corporate automated information systems,
- build effective communications into all activities, and
- use best practices and seek continuous improvement.

This regulation is the foundation for the PMBP system. It emphasizes transformation of the Corps team into project-focused teams sharing resources Corps-wide, as necessary, to deliver quality projects on schedule.

##### *Business Process Manual*

The PMBP Manual provides guidance for achieving our policy and doctrine. It establishes standard business processes for Corps-wide application that:

- ensure consistency in program and project execution,
- focus on meeting customer expectations,
- set parameters for means to measure progress across the entire organization, and
- enhance our ability to function both regionally and virtually with efficient management of diverse resources.

These standard business processes are used to accomplish project delivery and provide services. They enable sharing workforce resources throughout the Corps to

complete projects. If a project delivery team needs someone with a particular skill to accomplish work on its project, it can borrow service of whomever may be available with that skill in any Corps office. The processes enable effective management of projects in all lines of business in our Civil Works and Military Programs. The processes are open for continuous improvement, giving all team members opportunity to change them for the better. This will lead to addressment of concerns of project managers, technical experts, and customers to assure improvements in quality, project performance, and customer satisfaction.

#### *Automated Information System*

Management of projects in accordance with the PMBP will be facilitated through use of "P2"—an automated information system. This system, expanding upon and replacing PROMIS, will be used by the Corps team for project delivery in all lines of work. It comprises commercial-off-the-shelf (COTS) software configured with templates of our standard business processes to assist project delivery teams in managing their projects. The manufacturers of this software—Oracle, Primavera, and Project Partners—are assisting the Corps in configuring the software to provide the templates.

P2 software employs state-of-the-art technology embracing program and project management best-practices. It will become the principal tool of Corps project and technical managers in collecting, manipulating and storing program and project data. It will provide a single source of all project-related information for all programs and projects managed by field commands, and will interface with other modernized systems to assure single-source data entry. It will enable streamlined project and resource management, affording wider availability and Web interfaces. And, finally, because of lower costs to maintain and upgrade COTS software in future years, P2 will be more cost-effective than PROMIS.

#### *PMBP Training*

We have developed a training curriculum to promote PBBP as our new way of conducting business within the Corps and to guide individuals and organizations in the progressive development of skills for using PMBP. The curriculum promotes cultural change through individual self-paced compact-disk courses followed by small group discussions on the courses. Each individual covers the material and shares his/her interpretation with others in facilitated small group discussions. This process promotes common understanding of PMBP, its purpose, the roles of individuals, and the means to develop projects through teamwork.

#### *Summary*

In summary, the PMBP system, including P2, is being implemented Corps-wide to manage all Corps projects more efficiently and effectively. Supporting policy and doctrine, definitions of our business processes, and curriculum are in now in place Corps-wide. The P2 part of the system will be completed and fully tested by the end of fiscal year 2003; however, to avoid disruption of fiscal year 2003 financial close-out, we won't deploy P2 until mid-October. Once fully deployed, the PMBP system will greatly enhance our ability to better support the Army, other Federal agencies, and the Nation.

### OTHER THOUGHTS

#### *The National Welfare*

Water resources management infrastructure has improved the quality of our citizens' lives and provided a foundation for the economic growth and development of this country. Our systems for navigation, flood and storm damage reduction projects, and efforts to restore aquatic ecosystems contribute to our national welfare. The stream of benefits, realized as reduced transportation costs, avoided flood and storm damages, and improvements in environmental value can be considerable.

#### *Research and Development*

Civil Works Program research and development provides the Nation with innovative engineering products, some of which can have applications in both civil and military infrastructure spheres. By creating products that improve the efficiency and competitiveness of the Nation's engineering and construction industry and providing more cost-effective ways to operate and maintain infrastructure, Civil Works Program research and development contributes to the national economy.

#### *The National Defense*

The Civil Works Program is a valuable asset in support of the National Security Strategy in that it provides a way to maintain a trained engineering workforce, with

world-class expertise, capable of responding to a variety of situations across the spectrum of national defense. This force is familiar with the Army culture and responsive to the chain of command. Skills developed in managing large water and land resource management projects transfer to most tactical engineering-related operations. As a byproduct, Army Engineer officers assigned to the Civil Works Program receive valuable training, in contracting and managing large projects.

Additionally, the Civil Works Program has provided, and continues to provide water and related land resources infrastructure critical to national defense. Likewise, it has accomplished and continues to accomplish research and development that support our homeland security and war-fighting capability.

#### *Homeland Security*

The Corps is also a key member of the Federal Response Plan team with proven experience in support of FEMA's response to both natural disasters and events such as World Trade Center disaster (9/11).

Following 9/11 we completed 306 security reviews and assessments of our inventory of locks, dams, hydropower projects and other facilities to determine vulnerability to terrorist threat and potential consequences of such an attack. We improved our security engineering capability and identified and prioritized critical infrastructure. Utilizing supplemental appropriations provided in fiscal year 2002 (Public Law 107-117, \$139M), we have initiated the design and implementation of security improvements on 85 of our current list of 306 critical facilities. We have also initiated security improvements at administrative facilities to reduce risks to our employees.

One hundred four million dollars of the Operations and Maintenance funds provided in this budget are targeted for facility security. We will direct funding to those priority projects at which there is potential for catastrophic consequences resulting in loss of lives or economic consequences of greater than \$200 million, and continue security improvements at our administrative facilities. The vulnerability assessments produce a recommended system of improvements targeted to reduce risks associated with potential threats to facilities. Elements of the proposed systems can include cameras, lighting, fencing, structure hardening, and access control devices designed to improve detection and delay at each facility.

#### *Support to War-fighting Efforts*

When the Army goes to war, personnel of the Civil Works Program provide vital information to the battlefield. Their knowledge of beach dynamics helps determine the sites for shore landings. Their expertise in soil mechanics determines the best routes for armored vehicles. Their experience in work on winter navigation helps the Army negotiate frozen rivers. And commanders at all levels make use of topographic products and satellite based navigation systems developed by the Corps.

#### CONCLUSION

The President's fiscal year 2004 Budget for the Civil Works Program is a good one. However, we must continue to find ways to reduce our costs and shift more of those remaining to direct beneficiaries of our services. Meanwhile, we will do our very best to execute the Civil Works Program for maximum benefit to the Nation.

Under both our Civil Works and Military Programs, we are committed to staying at the leading edge in service to the Nation. In support of that, we are working with others to transform our Civil Works Program. We're committed to change that leads to open and transparent modernization of the Civil Works Program for the 21st Century. We also are strengthening our business management capability for best performance of both programs Corp-wide.

Thank you, Mr. Chairman and Members of the Committee. This concludes my statement.

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PREPARED STATEMENT OF MAJOR GENERAL ROBERT H. GRIFFIN

Mr. Chairman and members of the Subcommittee, I am honored to testify before you as Director of Civil Works.

I would like to note some highlights of the fiscal year 2004 budget for Remaining Items, which include the Army Corps of Engineers (Corps) nationwide programs and activities. These include the General Expenses appropriation, which provides for executive direction and management of the Civil Works program at the Corps Headquarters and the Division Offices.

## ACTIVITIES UNDER THE GENERAL INVESTIGATIONS APPROPRIATION

*Special Studies*

*National Shoreline.*—The budget includes the special study for fiscal year 2004. The National Shoreline study is an interagency effort to determine the extent and cause of shoreline erosion on all the coasts of the United States and to assess the economic and environmental impacts of that erosion. The study will analyze the appropriate levels of Federal and non-Federal participation and the advisability of using a systems approach to sediment management for linking the management of all projects in the coastal zone so as to conserve and efficiently manage the flow of sediment within littoral systems.

*Ex Post Facto.*—The budget also includes the special study effort for fiscal year 2004, Ex Post Facto Benefit-Cost Studies of 15 to 25 completed projects. The purpose of this study is to estimate benefit to cost ratios for projects as they were built and as the actual project outputs and services were delivered.

*Independent Review.*—The activities of this program are to design and implement a review process that assures the proper level of review in accordance with the scope and complexity of the studies; to identify and secure a pool of highly qualified experts in each area of analysis to conduct the reviews; to facilitate the review; and to facilitate the resolution of issues and concerns identified during the review process.

*Coordination with Other Federal Agencies, States, and Non-Federal Interests*

The budget for Coordination with Other Federal Agencies, States, and Non-Federal Interests is \$10.9 million. Following is a comparison of the fiscal year 2003 appropriation and the fiscal year 2004 budget for activities under this program.

Activity	Fiscal Year 2004 Budget
Planning Assistance to States .....	\$6,000,000
Special Investigations .....	2,200,000
Gulf of Mexico Program .....	100,000
Chesapeake Bay Program .....	100,000
Pacific Northwest Forest Case Study .....	100,000
Interagency Water Resources Development .....	1,100,000
Interagency and International Support .....	150,000
Inventory of Dams .....	300,000
National Estuary Program .....	100,000
North American Waterfowl Management Plan .....	100,000
Estuary Habitat Restoration Program .....	100,000
Coordination with Other Water Resources .....	300,000
CALFED .....	100,000
Lake Tahoe .....	100,000

*Estuary Programs.*—The budget is \$100,000 to continue cooperation with Federal and State agencies in the U.S. Environmental Protection Agency's National Estuary Program. In addition, the budget is \$100,000 for the Estuary Habitat Restoration Program. Funds for this initiative would be utilized to support the interagency council established in the Estuary Restoration Act of 2000. The council has responsibilities to develop a national strategy for restoration of estuary habitat and soliciting, reviewing and evaluating project proposals.

*Planning Assistance to States.*—The budget of \$6 million is a major portion of the Coordination with Other Federal Agencies, States, and Non-Federal Interests program. The fiscal year 2004 budget would enable the Corps to provide much needed planning and technical assistance for a variety of water resource efforts to States, territories, and Federally recognized Indian Tribes. The assistance is in the form of 50 percent Federal, 50 percent non-Federal cost-shared reconnaissance level studies which provide information and guidance to help the non-Federal sponsors become more active and effective working partners with the Federal government in resolving water resource problems. The studies may address a wide variety of water resource issues including environmental conservation/restoration, wetlands evaluation, flood damage reduction, coastal zone management, and dam safety. In fiscal year 2001, 160 studies were performed for 43 States, as well as seven studies for Federally-recognized Indian tribes.

*Special Investigations.*—Another major portion of the fiscal year 2004 budget is \$2.2 million for Special Investigations. This program provides for the increasing interests in Corps capabilities and the continued growth in requests for investigations of nominal scope. The activities of this program include: special investigations and

reports of nominal scope prepared pursuant to Congressional and other requests from outside the Corps of Engineers for information relative to projects or activities which have no funds; review of reports and environmental impact statements of other agencies; and review of applications referred to us by the Federal Energy Regulatory Commission for permits or licenses for non-Federal hydropower developments at, or affecting, Corps water resource projects.

*Interagency Water Resources Development.*—The budget is \$1.1 million to conduct district activities, not otherwise funded, which require coordination effort with non-Federal interests. These activities include items such as meeting with City, County, and State officials to help solve water resources problems or to determine whether Corps programs are available and may be used to address the problems. This budget also provides \$200,000 for two American Heritage River Navigators who are supported by the Corps of Engineers. These River Navigators provide direct support to the Community Partners for the New River, which flows through NC, VA, and WV; and for the Upper Mississippi River above St. Louis, MO.

*Gulf of Mexico Program.*—The budget of \$100,000 allows the Corps to continue involvement in this U.S. Environmental Protection Agency (EPA)-initiated program, which blends programs and resources of Federal, State, and local governments with the resources and commitments of business, industry, citizens groups and academia. The Gulf of Mexico Program is formulating and implementing creative solutions to economic and environmental issues with Gulf-wide and national implications. Hypoxia/nutrient enrichment and nonindigenous species are focus areas, which are linked to authorized Corps missions in the five-State program area.

*Chesapeake Bay Program.*—The budget of \$100,000 enables the Corps to continue participation in the EPA-initiated interagency program for the protection and restoration of the bay's natural resources. These natural resources have tremendous environmental and economic significance to the northeast region and to the Nation.

*Pacific Northwest Forest Case Study.*—The budget of \$100,000 is for the Corps to continue participation in the interagency program initiated by the White House's Council of Environmental Quality for ecosystem management of the public lands in the Pacific Northwest within the range of the Northern Spotted Owl.

*Interagency and International Support.*—The \$150,000 budget allows the Corps of Engineers to participate with other Federal agencies and international organizations to address problems of national significance to the United States. The Corps of Engineers has widely recognized expertise and experience in water resources, infrastructure planning and development, and environmental protection and restoration. In fiscal year 2002 and 2003, program funding included support to the State Department on Middle East and African infrastructure and water issues, the World Water Council, and the National Park Service and Environmental Protection Agency on homeland security.

*Inventory of Dams.*—The \$300,000 budget is for the continued maintenance and publication of the National Dam Inventory. This ongoing inventory maintenance and publishing effort is a coordinated effort involving data for the Federal and non-Federal Dam Safety community in cooperation with the Interagency Committee of Dam Safety. This inventory is now required for use by the Director of Federal Emergency Management Agency (FEMA) and the National Dam Safety Review Board in the allocation of dam safety program assistance funds to the various States.

*CALFED.*—The budget of \$100,000 allows the Corps to continue to play a role in the CALFED Bay-Delta process in fiscal year 2004. The CALFED Bay-Delta Program is a three-phased solution process for the development of a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay-Delta system. This program is a joint effort between local land management agencies, the State of California, and the Federal Government.

*Lake Tahoe.*—The budget of \$100,000 is to allow the Corps to continue the coordination efforts to protect the natural, recreational and ecological resources in the Lake Tahoe Region associated with the Presidential Executive Order "Federal Actions in the Lake Tahoe Region".

The budget is \$300,000 for Coordination with Other Water Resource Agencies, including the Department of Agriculture and Regional Planning Commissions and Committees, and \$100,000 to continue cooperation with Federal and State agencies and non-Federal interests in support of the North America Waterfowl Management Plan administered by the U.S. Fish and Wildlife Service.

#### *Collection and Study of Basic Data*

The fiscal year 2004 budget for Collection and Study of Basic Data activities is \$13.25 million. Following is a comparison of the fiscal year 2003 appropriation and the fiscal year 2004 budget for activities under this program:

Activity	Fiscal Year 2004 Budget
Flood Plain Management Services .....	\$7,500,000
Stream Gaging (U.S. Geological Survey) .....	500,000
Precipitation Studies (National Weather Service) .....	300,000
International Water Studies .....	400,000
Hydrologic Studies .....	400,000
Scientific and Technical Information Centers .....	100,000
Coastal Field Data Collection .....	2,500,000
Transportation Systems .....	500,000
Environmental Data Studies .....	100,000
Remote Sensing/Geographic Information System Support .....	200,000
Automated Information System Support—Tri-Service CADD/GIS Technology Center .....	450,000
Flood Damage Data .....	300,000

*Flood Plain Management Services.*—The largest portion of the Collection and Study of Basic Data program fiscal year 2004 budget is \$7.5 million for the Flood Plain Management Services program. This program continues to be one of the most prevalent non-project services that the Corps provides for Federally recognized Indian Tribes, States, and local governments. By working together with State, local, and tribal land management decision makers, we are able to alert them to various flood hazards, promote prudent use of the flood plains, and help mitigate future losses to life and property. The active involvement of land management decision makers is the key to sound flood plain management in the United States. Significant flood events over the past several years have raised public awareness and increased the demand for information and assistance for mitigating flood losses. The funding will provide flood plain management services to State, regional, local governments, Indian Tribes, and other non-Federal public agencies who, in turn, invest their own funds to avoid flood hazards and make good use of the flood plains. This not only mitigates future losses to life and property but also reduces the need for costly Federal flood control works as well as the demand for other Federal, State, and local services such as providing major disaster assistance before, during, and after floods. Under this program, we also participate with the FEMA, the National Weather Service, and local governments in conducting critical pre-disaster hurricane evacuation and preparedness studies for mobilizing local community responsiveness to natural disasters in high hazard coastal areas of States and counties along the Atlantic Ocean and the Gulf of Mexico.

*Coastal Field Data Collection.*—The fiscal year 2004 budget for this activity is \$2.5 million to systematically acquire and assemble long-term baseline data for coastal regions. These data are necessary for adequate assessment of technical, economic, and environmental feasibility for a variety of Corps projects, including projects for coastal navigation, storm damage reduction, and mitigation of harbor entrance impacts on adjacent shores. Cost-effective mission accomplishment requires long-term and system/regional data that encompass winds, waves, currents, water levels, bottom configuration, sediment characteristics, and geomorphology. With 800 navigation projects to maintain and repair (25 percent are more than 50 years old), the costs attributable to having no data or poor data would be significant. Data to be collected either are unavailable in existing archives, are of uncertain or poor quality, or are too sparsely distributed temporally and/or spatially to have statistical value. The required data are regional in nature and not properly chargeable to authorized projects. It also takes many years of data to establish a statistically significant baseline to use in project studies. The value of program data and project-related data is maximized through the use of Corps-wide standards, routine updating of available data, utilization of a centralized data library on the world wide web, and dissemination over the Internet.

*Automated Information System Support—Tri-Service CADD/GIS Technology Center.*—The fiscal year 2004 budget of \$450,000 for the Tri-Service CADD/GIS Technology Center represents the Civil Works share of the total \$3.341 million required to operate and maintain this important center of expertise. The bulk of the remainder of the total requirement is provided by OMA, the Navy, the Air Force, and the Marines, in accordance with a 1992 agreement, establishing a Tri-Service center in order to minimize duplication of effort of the services. All phases of Corps work, including planning, real estate, design, construction, operations, maintenance and readiness benefit from CADD/GIS technologies.

*Scientific and Technical Information Centers.*—Public Law 99-802, Federal Technology Transfer Act of 1986, requires technology transfer from Federal agencies to the private sector. The fiscal year 2004 budget will be utilized to acquire, examine,

evaluate, summarize, and disseminate newly published scientific and technical information generated within the Corps and other activities within the United States and abroad.

*Flood Damage Data Collection.*—The fiscal year 2004 budget includes \$300,000 to continue a program to improve the technical accuracy and quality of flood damage data including the relationship of flood characteristics to property damage. This program facilitates the timely collection of data when a damaging event occurs and the development of a national flood damage database to support local, State and Federal studies and research. Additionally, the program currently is developing generic flood damage and property valuation relationships that could be used Corps-wide. This will result in shorter, less-costly flood damage reduction studies.

#### *Research and Development*

The fiscal year 2004 budget for Research and Development (R&D) under General Investigations is \$22 million. The Civil Works R&D program is formulated to directly support the established business programs and strategic directions of the Civil Works Program including: Flood Damage Reduction, Inland and Coastal Navigation, Environment Restoration, Hydropower, Emergency Management, Water Supply and Regulatory. The Civil Works R&D requirements are primarily user driven and the effort is essentially a problem-solving process by which the Corps systematically examines new ideas, approaches, and techniques, with a view toward improving the efficiency of its planning, design, construction, operations and maintenance activities.

Results of this R&D effort are directly incorporated into practice within the Civil Works Program through the Civil Works Guidance Maintenance Program involving revisions or additions to Engineer Regulations, Engineer Manuals, Technical Guidance Manuals, Engineer Technical Letters, or Guide Specifications. Numerous other means of technology transfer are also used such as formal training courses, workshops, INTERNET and technical publications. The Corps Civil Works R&D Program continues to provide practical end products and a high return on investment for the Corps and the Nation.

In order to most effectively use the limited R&D resources and to avoid unnecessary duplication of research effort, the Civil Works R&D Program maintains aggressive external technical exchange and technology transfer programs with other Federal agencies and State and local governments including the TVA, Bureau of Reclamation, Bonneville Power Administration, Western Power Administration, the Soil Conservation Service, EPA, the Fish and Wildlife Service, NOAA, USGS, DOT, the Navy. The Corps also participates extensively with the Transportation Research Board, the Water Science and Technology Board, the National Research Council, the National Oceanographic Partnership Program, and the Federal Acid Mine Drainage Technology Institution in coordinating and leveraging research activities.

The strategic emphases of the proposed fiscal year 2004 GI R&D program include:

- Regional Sediment Management (RSM)
- Systems-Wide Modeling, Assessment & Restoration Technologies (SMART)
- Technologies and Operational Innovations for Urban Watershed Networks (TOWNS)
- Common Delivery Framework (CDF)
- Navigation Economic Technologies (NETS)

Improved sediment management at navigation and flood damage reduction projects offers tremendous potential for future project cost reduction. Research in this area is focused on sedimentation prediction and control techniques, optimizing channel depths and dimensions including more cost-effective deep-draft channel design criteria to safely and efficiently accommodate future international shipping requirements, reduced dredging costs, increased navigation channel safety and reliability, and increased options and opportunities for beneficial uses of dredged sediment. Close coordination will be essential between this research area and the SMART research program discussed below.

The Systems-Wide Modeling, Assessment & Restoration Technologies (SMART) Research Program addresses the Corps water resources needs at the system/watershed level. The objective of this research effort is to design state-of-the-science, user-oriented methods and procedures to restore and manage natural resources with application toward the total ecosystem/watershed. Research is also focused on environmental restoration technologies for a wide range of water resources management needs. The focus of this research enables the Corps to meet the legal requirements of the National Environmental Policy Act (NEPA) and the Endangered Species Act (ESA), while supporting critical technology needs of the major civil works business programs of Environmental Restoration, Navigation, and Flood Damage Reduction.

The Technologies and Operational Innovations for Urban Watershed Networks (TOWNS) research will include the following major thrust areas: integrated decision support tools and forecasting methodologies for use in flood damage reduction that incorporate changing urban settings, climate changes and extreme events; technologies for sustainable urban flood damage reduction (structural and non-structural); real-time surveys and system monitoring for improved condition assessment; and expedient and cost-effective flood fighting and related emergency operations.

The objective of the Common Delivery Framework (CDF) research is to develop a new framework approach to managing software guidance, capabilities and resources for model/application developers in a consistent and corporate context that enables the Corps to reduce costs for developing and applying science and technology (S&T) products. The initial work will investigate geospatial S&T development in the areas of information security, metadata, interoperability, enterprise GIS, visualization, and informatics.

The objective of the Navigation Economic Technologies (NETS) research program is to enhance and standardize evaluation tools and methods for shallow and deep draft navigation project life-cycle analysis. The NETS R&D program will develop peer-reviewed procedures and tools that will be used throughout the Corps by concentrating on the following areas: (a) expanded and improved capabilities to forecast navigation traffic in ports and on waterways; (b) improved tools and approaches to evaluate and perform calculations of transportation economic benefits and costs; (c) integration of tools and approaches for systems evaluation and management; (d) improved capabilities to integrate economic, environmental, and other factors for navigation system investment and management; (e) procedures for integrating uncertain variables within the economic evaluation of navigation; (f) extension of benefit evaluation to include congestion, air quality and other externalities; and (g) improved methods and data support for all modes of transportation of commodities from production site to ultimate consumption.

*Research and Development Cross-Cut.*—The conference report, House Report number 102-177, accompanying the fiscal year 1992 Energy and Water Development Appropriations Act stated the conferees' concern with the trend of spreading research related programs throughout several appropriation accounts in the Civil Works budget, and directed the Corps to work with the committees to address this issue. In response to this interest by the committees, the following table has been developed to provide a consolidated display of all Civil Works research and development activities for which there is funding in the fiscal year 2004 budget.

Account and Activity	Fiscal Year 2004 Budget
GENERAL INVESTIGATIONS:	
Research and Development .....	\$22,000,000
CONSTRUCTION, GENERAL:	
Aquatic Plant Control .....	3,000,000
Shoreline Erosion Control Development and Demonstration Program .....	6,000,000
OPERATION & MAINTENANCE, GENERAL:	
Coastal Inlet Research .....	2,750,000
Dredging Operations & Environmental Research .....	6,755,000
Aquatic Nuisance Control Research (formerly Zebra Mussel Control) .....	725,000
GRAND TOTAL .....	35,230,000

#### ACTIVITIES UNDER THE CONSTRUCTION, GENERAL APPROPRIATION

##### *Continuing Authorities*

The fiscal year 2004 budget for the nine Continuing Authorities funded under Construction, General is \$64.5 million. This is a decrease of \$13.5 million from the fiscal year 2003 budget. The budget covers funding of planning, design, and construction to continue ongoing projects that provide solutions to flood control and emergency streambank erosion problems under the Section 205 and Section 14 programs, navigation problems under the Section 107 program, shoreline damage problems under the Section 103 and Section 111 programs, clearing and snagging problems under the Section 208 program, and environmental problems under Sections 204/207/933. Under our Continuing Authorities Program, projects are accomplished expeditiously and result in a high level of customer satisfaction. Continuing Authorities projects continue to be an important segment of our total water resources infrastructure investment program. No funds are requested for new starts.



#### *Inland Waterways Users Board*

Funds are budgeted for fiscal year 2004 in the amount of \$230,000 for the Inland Waterways Users Board activity. Section 302 of WRDA 86 created this 11-member advisory board of inland waterway users and shippers to make recommendations to the Secretary of the Army and the Congress regarding construction and rehabilitation priorities and spending levels for commercial waterway improvements. The Board members were initially appointed in late Spring of 1987. The Board has held 43 meetings since it was created. The Board's recommendations are a valuable addition to our program and budget development process. We appreciate the contribution of the Board's chairman and its members to the efficient management and modernization of our inland waterways. We believe the Board provides an important advisory function to both the Secretary of the Army and the Congress.

#### *Shoreline Erosion Control Development and Demonstration Program*

The fiscal year 2004 budget includes \$6,000,000 to plan, design, construct, and monitor projects to demonstrate and evaluate new shoreline protection technologies. To date, over \$10,000,000 has been used to develop program goals, establish criteria for selecting technologies and techniques to be tested, select sites and initiate construction of the first demonstration site at Cape May Point, New Jersey. The techniques developed under this program are expected to yield up to \$150,000,000 of savings in future budgets by reducing erosion and/or lengthening the time between renourishments.

#### *Dam Safety and Seepage/Stability Correction Program*

Funds are budgeted for fiscal year 2004 in the amount of \$8 million to continue ongoing Dam Safety and Seepage/Stability projects that were approved prior to fiscal year 2004. This is an increase of \$3 million from the fiscal year 2003 budget. The Dam Safety and Seepage/Stability Correction Program provides for modification of completed Corps of Engineers dam projects. While no Corps dams are in imminent danger of failure, some may have a higher dam-safety risk than originally anticipated based on new data or the likelihood of extremely large floods and seismic events. Seepage problems at Corps' dams are usually related to increased reservoir levels above the previous pool of record at a project. Static instability generally involves movement that starts at a slow rate and could result in massive displacement of large volumes of material if not corrected. Dam modification work is proceeding under existing authorities on projects where cost-effective risk reduction measures have been identified and approved.

#### *Aquatic Plant Control Program*

The fiscal year 2004 budget includes funds in the amount of \$3 million for the Aquatic Plant Control Program authorized by Section 104 of the Rivers and Harbors Act of 1958, as amended. This is the same as the fiscal year 2003 budget. These funds will be used to continue research efforts for aquatic plant control technologies to support operation and maintenance of Corps Water Resources projects. Primary research efforts are focused on the non-indigenous submersed species, hydrilla and Eurasian watermilfoil, with emphasis on development of biological control agents.

#### *Dredged Material Disposal Facilities Program*

Funds in the amount of \$7 million are budgeted for fiscal year 2004 for ongoing projects in the Dredged Material Disposal Facilities Program. This is a decrease of \$2 million from the fiscal year 2003 budget. Section 101 of WRDA 86, as amended by Section 201 of WRDA 96, established consistent cost sharing for construction of dredged material disposal facilities associated with Federal navigation projects, including disposal facilities for Federal project maintenance. These funds will be used for the Federal share of construction of applicable dredged material disposal facilities required for maintenance of existing projects or fee payments to private entities for the use of privately owned dredged material disposal facilities if such a facility is the least cost alternative to dispose of dredged material. All Federal costs for dredged material disposal facilities associated with project maintenance will be financed from the Harbor Maintenance Trust Fund.

#### *Employees' Compensation*

The fiscal year 2004 budget includes \$19.13 million for transfer to the Department of Labor to repay the Employees' Compensation Fund for costs charged during the period July 1, 2000 through June 30, 2002 and for investigation of fraudulent claims for workers compensation benefits. This is a decrease from the fiscal year 2003 budget. The transfer to the Department of Labor is for payment of benefits and claims due to injury or death of persons under the jurisdiction of the Corps of Engineers civil functions.

## ACTIVITIES UNDER THE OPERATION AND MAINTENANCE, GENERAL (O&amp;M) APPROPRIATION

*Aquatic Nuisance Control Research (Formerly Zebra Mussel Research Program)*

The Corps Fiscal Year 2004 Operation and Maintenance, General, appropriation budget includes \$725,000 for the Aquatic Nuisance Control Research Program which is a redefinition of the previously funded Zebra Mussel Research Program (ZMRP). The program now addresses all invasive species except for aquatic plants. Invasive species cost the public over \$137 billion annually. Authorized by the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (Public Law 101-646) this effort includes the only Federally funded R&D program directed at control of zebra mussels and their effects on public facilities. The development of strategies to apply control methods involves engineering design, operations, and maintenance of facilities and structures. Control strategies are being developed for (a) navigation structures; (b) hydropower and other utilities; (c) vessels and dredges; and (d) water treatment, irrigation, and other control structures.

Proposed activities for fiscal year 2004 include expansion of as many as possible of the technologies developed under the ZMRP to address all invasive species. This will include continued research efforts to examine a number of different technologies other than pulse power to eradicate zebra mussels from structures and research on new coatings to evaluate their ability to stop the settlement of zebra mussels and other invasive species on various surfaces. Research efforts will examine how current ballast water regulations can be modified to reduce the potential for introductions of aquatic nuisance species and the Aquatic Nuisance Species Information System will be expanded into a WEB-based system, and invasive species engineering guides will be incorporated into the system. The mechanisms that allow invasive species to disperse through the Nation's waterways will continue to be examined or determined. Investigations will also be conducted to identify proactive procedures that will assist in limiting new distributions. Scientists will visit projects where mosquitoes are a problem to develop abatement programs and meet with local community representatives to discuss control technologies.

In cooperation with State and Federal agencies, scientists will investigate methods to control invasion and of snakehead fish in Corps Reservoirs and eradication methods once they are there. In addition, a comprehensive database will be developed on zebra mussel densities, molluscivore (fish that consume mussels) densities and growth, water quality, and other pertinent habitat attributes. Information from database will be used to construct models to predict the effects of molluscivores on zebra mussel infestations and subsequent changes in habitat quality. These models will quantify the beneficial aspects of predation on zebra mussels, assist in impact prediction, and aid in allocation of control efforts, and the formulation of control strategies.

*Automated Budget System*

The Civil Works Operation and Maintenance Automated Budget System (ABS), is an automated system used to enable Districts and Divisions to prepare, review and submit their Operations And Maintenance programs consistent with policy guidelines and priorities. The program is continuously evaluated for effectiveness to identify areas that require change in order to meet the needs of the overall Civil Works Operations and Maintenance program. It provides extraction of standard reports to support Division and Headquarters review and development of the Civil Works O&M program recommendation. ABS reports provide cost breakouts by business process, benefit codes, States, field units, navigation fee codes, joint cost percentages and numerous other groupings to support analysis, distribution, updates and performance monitoring. This system is available to all managers at all Corps of Engineer levels who have Operation and Maintenance management responsibilities. The fiscal year 2004 Budget includes \$285,000 for this item.

*Coastal Inlets Research Program*

The fiscal year 2004 budget includes \$2.75 million to fund the Coastal Inlets Research Program to increase Corps capabilities to cost-effectively design and maintain the over 150 inlet projects, which comprise the bulk of coastal O&M expenditures. Because of their complex nature, the behavior of inlets is poorly understood. This has resulted in the Corps spending a large portion of its O&M allocations to maintain inlet projects. The Coastal Inlets Research Program studies functional aspects of inlets such as their short- and long-term behavior and their response to waves, tides, currents, and engineering modifications, given their regional geologic and oceanographic setting. As inlet behavior and the consequences of navigation projects are becoming better understood, sophisticated tools for management of inlets for navigation projects, such as models and empirical relationships, are becoming

ing available. These new tools are leading to more efficient, cost-effective designs that have been shown to reduce O&M requirements and, consequently, costs.

With our fiscal year 2004 allocations for this program we will begin a major R&D effort to implement state-of-the art predictive formulas for sediment transport under waves and currents based on models developed previously in this program; collect data and validate the Inlet Modeling System, scour model, and morphology change models at deep-draft channels and collect data and model channel and bypassing processes at sites of opportunity in collaboration with Corps Districts; perform physical and numerical modeling studies on innovative jetty and channel-control designs to reduce dredging costs, improve bypassing, and improve navigation reliability at inlet entrance channels; begin creation of web-based Navigation Channel Resource Center to house data on inlet channel surveys, performance, and dredging which will serve as a resource for all analytical work in the Coastal Inlets Research Program and provide the Corps with a central location for channel data; continue adding to the inlets database encompassing all Federally maintained and major non-Federal inlets; extend the long-term morphology modeling system newly developed in the Coastal Inlets Research Program to include the adjacent beaches, navigation channel, and flood shoal together with the ebb shoal and validate and release the model to the public; acquire field data at inlet jetties to understand the beach and jetty interaction through rip currents, developing a quantitative predictive method for rip current sediment transport and; develop educational materials about coastal processes, inlet processes, and dredging for the public and schools at all levels.

#### *Cultural Resources (NAGPRA/Curation)*

The fiscal year 2004 budget includes \$1.545 million to fund the Cultural Resources (NAGPRA/Curation) Program. Enacted on 16 November 1990, the Native American Graves Protection and Repatriation Act (NAGPRA) is a complex act that addresses the recovery, treatment, and repatriation of Native American and Native Hawaiian cultural items by Federal agencies and museums. As defined by the Act, cultural items are human remains, associated funerary objects, unassociated funerary objects, sacred objects, and objects of cultural patrimony. In fiscal year 1994, the Corps of Engineers began the process of inventorying human remains and associated funerary objects and completing summaries as mandated by the legislation. In addition, the Corps is responsible for curation of cultural resource materials collected from its flood control projects. These collections are extensive and are located at a variety of curation facilities across the Nation. The costs of the program are to accomplish NAGPRA work and to fund centralized curation support to the districts. Curation of these materials, which have the largest volume among all Federal agencies responsible for this activity, is required by a number of public laws.

In fiscal year 2004 the Corps will continue the process of inventorying Native American and Native Hawaiian human remains and associated funerary objects and complete summaries of unassociated funerary objects, sacred objects, and objects of cultural patrimony as mandated by the legislation. Information will be made available to interested individuals and groups through notices in the Federal Register. Districts will continue to be engaged in formal consultation with tribes and organizations for the legislated purpose of repatriating cultural objects for which there are legitimate claims. We will continue in the pivotal role of assisting in the development and implementation of an agency-wide, long-term plan for the curation of Corps archeological collections (heritage assets). We will continue to fulfill our charter activities to include an inventory of all DOD and Corps heritage assets and participate in the development of standards and guidelines for archeological collection rehabilitation. Work will continue on the development and implementation of final guidelines and procedures for field collection of archeological materials and the long-term treatment of those collections. Finally, leadership will be provided in the development of a training curriculum on the treatment of heritage assets and working in consultation with all stakeholders, take initial steps to make this training available to appropriate managers and decision makers.

#### *Dredge Wheeler Ready Reserve*

The fiscal year 2004 budget includes \$8 million to cover the cost of keeping the dredge WHEELER fully operational in fiscal year 2003 while in Ready Reserve status in accordance with Section 237 of the Water Resources Development Act of 1996 (WRDA 96). Section 237 contains a provision requiring the Corps hopper dredge to be placed in a ready reserve status. The section requires that no individual project funds may be used to fund the dredge in its ready reserve status unless the dredge is specifically used in conjunction with a project. In fiscal year 1998, the WHEELER was placed in a ready reserve status as required by WRDA 96. The hopper dredge WHEELER, in a ready reserve status, is required to be able to perform emergency

dredging work, but may not be assigned any scheduled hopper dredging work. The dredge may be placed in an active status in order to perform work that private industry fails to submit a responsive or responsible bid for advertised dredging, or where industry has failed to perform under an existing contract. In light of this criteria, the WHEELER is being kept at the dock, with sufficient crew to respond to any unforeseen requirement within 72 hours, and be able to work for approximately 3 weeks. The dredge is being maintained in a fully operational state and periodically will perform routine dredging operations to test equipment and keep the crew trained and prepared. In all but one year since put into ready reserve, the WHEELER was called out of ready reserve status to perform urgent dredging to assist industry dredges in restoring navigation channels and waterways.

#### *Dredging Data and Lock Performance Monitoring System*

The Dredging Data and Lock Performance Monitoring System budget of \$1.18 million supports a continuing nationwide collection and analysis program of dredging data essential for the Corps efficient and effective management of the Nation's deep and shallow draft navigation projects. These efforts are necessary to provide data for efficient management of Congressionally authorized navigation projects, as well as to respond to specific public laws, including Public Law 96-269 (Minimum Dredge Fleet) and Public Law 100-656 (Small Business Set-Aside).

Data include dredging costs and quantities, equipment used, and disposal site documentation. This data facilitates nationwide and regional analysis and management for Corps performed and contracted dredging for both channel deepening and maintenance categories of work. The program also supports assessments on the technological changes of vessels within the world fleet, which is necessary for estimating the Nation's future maintenance dredging requirements. Up-to-date information on world fleets, commodity flows, vessel routing through Corps channels and assessment of underkeel clearances all contribute to the identification of U.S. channels with the greatest safety and piloting problems. The lock monitoring provides managers at 230 lock sites and their regional and national offices with nationally consistent operational and management data. Collectively, these data systems support continuing evaluation of local conditions and performance measures throughout the navigation system and, in-turn, facilitate nationwide control and critical management decisions. These data are critical for effectively monitoring and executing the overall navigation program.

#### *Dredging Operations and Environmental Research Program (DOER)*

The fiscal year 2004 budget includes \$6.755 million for the Dredging Operations and Environmental Research Program (DOER). The DOER program is an extremely important effort that combines engineering, operational and environmental components of waterway management to address issues impacting our ability to maintain a safe, reliable, environmentally sustainable, and economically efficient navigation system. The DOER Program is an integral and highly beneficial component of the Corps navigation dredging and environmental protection missions. Dredging and disposal must be accomplished within a climate of increased dredging workload, fewer placement sites, environmental constraints, and decreasing fiscal and manpower resources. Balancing environmental protection with critical economic needs while accomplishing dredging activities is a major challenge. Major features of DOER include, innovative technologies research, environmental resource protection, dredged material management, and (4) risk research.

As part of these features in fiscal year 2004, the DOER program will: (1) Transfer technology to a wide body of stakeholders that addresses operational, economic, and environmental components of the Corps dredging program in full coordination and cooperation with other appropriate agencies and offices such as: Environmental Protection Agency, National Marine Fisheries Service, U.S. Fish and Wildlife Service, American Association of Port Authorities (AAPA) and State natural resource managers. Aggressive technology transfer through multiple media and rapid technology application ensures that research products are integrated into decision making at Corps projects and made available to port authorities and other navigation project stakeholders; (2) Identify, evaluate and develop innovative tools, databases and software, equipment, and technology to improve the design, operation, and management of Corps maintained navigation projects. It will address problematic environmental resource issues, such as environmental windows or threatened and endangered species, using a combination of innovative engineering and scientific approaches; (3) Develop dredged material handling, transport, and placement options which are operationally efficient, environmentally sound and cost effective and; (4) Apply a comparative risk-based framework in the assessment and management of

contaminated dredged material and to develop logical decision support tools that quantify uncertainty and facilitate efficient decision making.

*Dredging Operations Technical Support (DOTS) Program*

The fiscal year 2004 budget includes \$1.545 million for continuation of the Dredging Operations Technical Support (DOTS) Program. The DOTS program fosters the one-door-to-the-Corps concept through providing comprehensive and interdisciplinary technology transfer, technology application, and necessary engineering, operational and environmental training of all stakeholders for all Corps navigation dredging projects. DOTS houses the Corps' technology and information database and is managed from a centralized program to maximize cost effectiveness and implement National policies, laws, and complex technical requirements on a consistent basis. The DOTS is fully accessible through the Internet and has received thousands of visits from navigation stakeholders. The DOTS Program is a storehouse focusing on application of state-of-the-art technology and research results to field problems. Emerging scientific approaches sometimes cause uncertainty in administration of the Corps navigation dredging program. As such, DOTS provides a consistent technology base and ready response, and training on technical issues through a readily accessible technology transfer capability and generic technology application to other projects with similar problems. Short-term work efforts to solve generic Corps-wide technical problems for maintaining navigable waterways are major features of the DOTS Program. Technology transfer of new and emerging techniques for application at Corps and stakeholder navigation maintenance projects is an important DOTS activity. In response to new research results and continuing staff reductions the DOTS program will continue to expand to provide technology transfer to all O&M navigation projects and be fully responsive to stakeholder needs.

Special emphasis is placed on transfer of technology developed by the Corps and others to include proven international technology that deal with maintenance and management of navigation structures and navigable waterways. Typical technology transfer and training includes management of contaminated dredged material, application of innovative risk-based technologies to contaminated dredged material, maintenance of coastal inlets and adjacent shorelines, shoreline stabilization and river training activities, assessment and management protocols for beneficial uses of dredged material, channel realignments, protection of endangered species, equipment selection, rational application of dredging windows, lock and dam maintenance needs, channel and harbor maintenance activities and ship simulation activities.

A key feature of the program includes effective annual face-to-face and internet on-line training of Corps staff, navigation stakeholders, and others who have regulatory authority over Corps navigation maintenance activities on the latest environmental and engineering techniques associated with maintaining navigable waterways. The program also supports joint Corps and United States Environmental Protection Agency activities dealing with environmental aspects of the national navigation program.

*Earthquake Hazards Reduction Program for Buildings and Lifelines*

The Earthquake Hazards Reduction Program is included in the fiscal year 2004 budget in the amount of \$300,000 to respond to the requirements of Public Law 101-614, National Earthquake Hazards Reduction Program (NEHRP) and Executive Order (EO) 12941, Seismic Safety of Existing Federal Buildings. The objective of Public Law 101-614 is to establish and initiate for buildings and lifelines a systematic approach to reducing loss of life, injuries, and economic costs resulting from earthquakes in the United States. The EO directs all Federal departments and agencies to develop an inventory of their owned and leased buildings and an estimate of the cost of mitigating unacceptable seismic risks in their buildings. Lifelines are defined as public works and utility systems.

We are legally responsible to develop a plan to mitigate these vulnerabilities. In addition, FEMA is pursuing the possibility of requiring agencies to develop mitigation plans for their deficient buildings. The funds requested will be used to help finalize the details of the Corps mitigation plan and provide the tools for implementation of the program, provide assistance to districts in the development of mitigation concepts and designs, provide support to Corps Headquarters in oversight and management of the mitigation program, provide technical support to Corps HQ, maintain technical seismic expertise, develop guidance for additional lifeline systems not previously covered in commercially available standards or existing Corps guidance, develop guidance for operations personnel, develop a mitigation plan for the Corps lifelines, and update and maintain the database. The development and updating of guidance for the seismic evaluation and risk mitigation of lifeline facilities will continue as well.

### *Facility Protection*

On 11 September 2001, our Nation suffered a loss of unimaginable proportions, with terror attacks in New York, Washington and the skies over rural Pennsylvania. These events have emphasized the resolve of terrorists to weaken our Nation by inflicting massive casualties and destroying vital elements of our infrastructure. The scope of Corps of Engineers water resources assets considered highly vulnerable to future terrorist attacks include 75 hydroelectric power projects, 383 major lakes and reservoirs with 376 million annual visitors, 8,500 miles of levees, 276 locks, 4,340 recreation areas, 11.7 million acres of public land, 25,000 miles of commercially navigational channels, 926 shallow and deep draft harbors, and \$1.2 billion in research and development facilities.

In response to the attacks of September 11, 2001, the Corps compiled a list of critical public assets in accordance with Presidential Decision Directive number 63. In 2001, the Corps initiated vulnerability assessments (RAM-D) of critical water resources infrastructure to determine vulnerability to terrorist attacks. A clear need exists for improved security and protection at vital Corps water resources and administrative facilities supporting our missions. The protection of Corps critical infrastructures incorporates the elements of detection, protection, and response. The Corps is addressing these elements by increasing surveillance and awareness and initiating crime watch programs, continuing implementation of protection measures and coordinating the response by local law enforcement support and local guard forces. The assessments of Corps facilities have identified key research areas, including waterborne threats, rapid recovery and emergency response, vulnerability and damage assessment tools, structural hardening.

The Corps will complete implementation of facility protection standards at Mississippi River and Tributaries facilities, and will continue Force Protection Standards for Corps Offices, interfacing with other Federal, State and local government offices and private industry, and will continue ongoing research efforts funded in fiscal year 2004.

The fiscal year 2004 budget includes \$13 million to continue the Corps of Engineers Civil Works Facility Protection effort, including continuation of existing security levels and maintaining guard positions and electronic monitoring systems at critical facilities.

### *Great Lakes Sediment Transport Modeling*

The Great Lakes Sediment Transport Modeling Program is included in the fiscal year 2004 budget in the amount of \$1.0 million. Section 516(e) of the Water Resources Development Act of 1996 authorizes development of sediment transport models for tributaries to the Great Lakes that discharge to Federal navigation channels or Areas of Concern (AOCs). The Great Lakes Sediment Transport Modeling program is intended to use sediment transport models to target areas for preventive measures to control sediment movement to navigation projects and AOCs. These models are being developed to assist State and local resource agencies evaluating alternatives for soil conservation and nonpoint source pollution prevention in the tributary watersheds. The ultimate goal is to support State and local measures that will reduce the loading of sediments and pollutants to navigation channels and AOCs, and thereby reduce the costs for navigation maintenance and sediment remediation.

Fiscal year 2004 funds will be used to complete development of models at four tributaries (Genesee River, New York; Black River, Ohio; St. Joseph River, Michigan; and, Burns Waterway, Indiana), initiate model development at four tributaries (St. Louis River, Minnesota/Wisconsin; Oswego River, New York; Cuyahoga River, Ohio, and; River Raisin, Michigan), and conduct scoping and coordination for future model development at the next set of priority tributaries (Eighteen Mile Creek, New York; East River, Wisconsin; Grand River, Michigan; Sandusky River, Ohio). State and local partners will use models developed under this program to reduce loadings of sediments and contaminants to Great Lakes tributaries, thereby reducing future dredging requirements at Federal navigation channels and promoting the restoration of beneficial uses at Great Lakes Areas of Concern.

### *Harbor Maintenance Fee Data Collection*

Public Law 103-182 authorizes up to \$5 million to be used annually for the administration of the Harbor Maintenance Trust Fund. The Corps fiscal year 2004 budget includes \$675,000 for this activity. The Corps is required to collect data on domestic and foreign shippers of waterborne commerce subject to the Harbor Maintenance Tax (HMT) and provide it to Customs for enforcement. Analysis of HMT revenues and transfers is required to validate the adequacy of the HMTF in light of the uncertainty over the legal and international challenges to the HMT, and to

document the operation of the trust fund in the Annual Report to Congress. Analysis of waterborne commerce shipments and vessel movement data is also needed to respond to legal questions to the HMT; to analyze alternative funding options; and to assess the economic and competitiveness impacts of other potential funding sources. Therefore the Corps requires a portion of the administrative funding. The recent transfer of the Foreign Waterborne Transportation Statistics Program to the Corps requires the data processing system to be expanded to include validation of users engaged in foreign trade, in addition to domestic users. The budgeted amount will be needed in fiscal year 2004 to operate and enhance the system to analyze, enforce, collect and validate harbor usage information required by the Customs Service for auditing HMT collections.

#### *Inland Waterway Navigation Charts*

The fiscal year 2004 budget includes \$4,120,000 for Inland Waterway Navigation Charts. In 1994, a barge on the inland water struck a bridge pier in poor visibility caused an AMTRAK derailment accident near Mobile, Alabama. Consequently, the National Transportation Safety Board recommended that the Chief of Engineers begin to promote use of electronic charts for safety of navigation on inland waterways. The first part of that recommendation was to extend the coastal Differential Global Positioning System (DGPS) into the inland waterways. That work is now about 90 percent complete. The second part is this effort to provide accurate and current electronic navigation chart (ENC) data necessary to allow the commercial system to be used to improve safety and efficiency. The American Waterway Operators have also stated a need for consistent Corps channel data for inland waterway electronic charts, and the recent Marine Transportation System study recommended that electronic chart coverage be extended into inland waterways and the addition of hydrographic survey information. National Oceanographic Atmospheric Administration (NOAA) is also developing ENC products for their coastal charts, which require use of source data—including Corps channel information. The Water Resources Development Act, 2000, Section 558, requires Corps of Engineers districts to provide digital hydrographic survey data to the NOAA in an agreed upon format not later than 60 days after completion of a survey. The U.S. Coast Guard also has plans for implementation of vessel traffic systems (VTS) in New Orleans and other areas and merging of its Aids to Navigation into the ENC datasets provided by other Federal agencies such as the Corps and NOAA is necessary. VTS data could be extremely useful to vessels using the waterway, although an electronic chart is needed for display of the information.

This effort provides ENC for all inland waterways and other Federal navigation channels maintained by the Corps of Engineers to be used by commercial Electronic Chart Systems (ECS), which, when combined with the existing DGPS, will improve the safety and efficiency of marine navigation in both inland and coastal waterways of the United States. On inland waterways, the Corps will collect more accurate survey and mapping data than is currently on its paper charts. Accuracies of about 2 meters are necessary to match the positional accuracy of the DGPS signal, which when combined in the commercial ECS will greatly improve the safety and efficiency of navigation. This will allow safe navigation through bridge openings during fog and other bad weather conditions as well as during heavy traffic situations.

As part of this program, the Corps coordinated standards and requirements with the National Oceanic and Atmospheric Administration (NOAA), U.S. Coast Guard, American Waterway Operators (AWO), the Inland Waterways User Board (IWUB); developed initial IENCs for most of the Mississippi River, and all of the Ohio, Black Warrior, Tombigbee, and Red Rivers; developed the plans, procedures and guidelines necessary for standardization of inland waterway chart data products; developed the internet web site for data dissemination; began new highly accurate baseline surveys on the inland waterways of features needed in the IENC data; and began coastal product development in two districts.

The Corps will continue coordination of standards and requirements with the National Oceanic and Atmospheric Administration (NOAA), U.S. Coast Guard, American Waterway Operators (AWO), and the Inland Waterways Users Board (IWUB); complete IENCs for most of the Mississippi River and all of the Ohio, Black Warrior, Tombigbee, and Red Rivers; begin update program for completed IENCs; complete coastal product development in two districts and begin development in new districts; and continue baseline surveys of waterway features.

#### *Long Term Option Assessment for Low Use Navigation*

Operation and Maintenance funds for navigation are increasingly constrained, necessitating project prioritization and the consideration of long-term management strategies. The Budget continues to give priority to maintaining inland waterway

segments and coastal harbors that have utilization, while also funding the operation and maintenance of shallow draft harbors that support commercial or subsistence fishing or Federal Government activities. This study will identify data needs and methodologies to assess lower use inland waterways and harbors, examine the level of continued Federal interest in these projects, and provide an assessment of possible long-term management options for projects with diminishing NED benefits. Such options will include transfer to another public or private entity, privatization, divestiture, and alternate O&M funding mechanisms.

#### *Monitoring of Completed Navigation Projects*

The fiscal year 2004 budget includes \$1.750 million for the Monitoring of Completed Navigation Projects (MCNP). This continuing program monitors project performance, evaluates the performance against pre-construction projections, and transfers the lessons learned into guidance for Districts. Sediment transport patterns, water depths, currents, waves, flushing characteristics, tidal stages, and other hydrodynamic phenomena together with associated environmental impacts are changed by the construction of navigation projects. Information gained from monitoring navigation projects, including the magnitude and rate of these changes, is required to verify design expectations, determine benefits, and evaluate operational and maintenance efficiencies. Information collected from monitored navigation projects will be used by the local Districts to improve project performance. Additionally, this information will be collected and analyzed on a national basis to document successful designs, disseminate lessons learned on projects with problems, and provide upgraded field guidance that will help reduce life-cycle costs on a national scale.

#### *National Dam Safety Program (NDSP)*

The National Dam Safety Program Act (Public Law 92-367 as amended) designates FEMA as lead agency in all efforts to enhance national dam safety. The National Dam Safety Program is coordinated through the Interagency Committee of Dam Safety (ICODS). The Chief, Engineering Division, Directorate of Civil Works, represents the Department of Defense as a member of ICODS. The Corps and FEMA signed a Memorandum of Understanding for the purpose of establishing responsibilities for management and administration assistance in the implementation of the National Dam Safety Program. FEMA acting through ICODS will provide support in development of Federal guidelines for dam safety, promotion of public awareness programs, publications, training materials, the National Performance of Dams Program, and workshops. The budget includes \$45,000 to continue this participation in fiscal year 2004.

#### *National Dam Security Program*

The budget includes \$30,000 for the National Dam Security program in fiscal year 2004. The Interagency Committee on Dam Safety (ICODS) has recognized terrorism as one of the major threats to dams in the United States. Of all the agency members of ICODS, the Department of Defense acting through the Corps has the most unique and in depth knowledge in the area of antiterrorism program development and execution. This program uses the Army's experience in antiterrorism planning and building design as the basis for developing a program for safeguarding Corps dams and for export to the other Federal agencies through ICODS. Training under this program is designed for the dam operator and field manager in order to improve their awareness of the potential threat and to establish lines of communications to minimize damage if and when a threat is received. The program also provides for the exchange of information on threats received and the establishment of a database to review trends in the pattern of threats. The Corps and other Federal agencies established a task group to study the extent of the problem of internal terrorism against dams and other natural resource facilities and to determine the proper level of security awareness required for these facilities.

#### *National Emergency Preparedness Program (NEPP)*

The fiscal year 2004 budget of \$6 million will enable the Corps of Engineers to be prepared to accomplish its continuity of operations and continuity of government responsibilities during national/regional crises. This entails support of civil government through coordinated execution of Federal agency plans and the planning/conducting of exercises to test readiness to provide such support. This includes responsibility for development of comprehensive national level preparedness plans and guidance for response to all regional/national emergencies, whether caused by natural phenomena or acts of man, plans for response(s) to acts of terrorism, and the local preparedness necessary to support Corps continuity of operations. The Corps provides engineering and construction support to State and local governments in re-



sponse to catastrophic natural/technological disasters. Rapid response to disasters of a regional/national magnitude requires that extensive pre-emergency planning and preparedness activities be conducted to assure the availability of a work force capable of shifting from routine missions to crisis operations and the organizational command and control structure(s) necessary to provide a coordinated and comprehensive response in the critical early stages of a catastrophic disaster.

The fiscal year 2004 program will provide for continuing the implementation of the National Emergency Preparedness Program. The fiscal year 2004 program will continue the process of catastrophic disaster planning and exercising to enable the Corps to rapidly respond to a broad spectrum of emergencies, with emphasis on natural disaster and terrorists events that have regional and national implications. An effort will be made to satisfy increasing demands on the program to support multi-agency (Federal, State, and local government) requests to exercise plans focusing on regional catastrophic natural and man made disasters. Increasingly, Federal, State and local agencies are looking to the Corps to take the lead in this area.

#### *National Lewis and Clark Commemoration Coordinator*

With a fiscal year 2004 Budget of \$310,000, we plan to continue coordination of all Corps of Engineer activities relating to Lewis and Clark Commemoration. The bicentennial commemoration of the Lewis and Clark Expedition will begin in 2003 and will continue through 2006. A National Bicentennial Council has been established, and Federal, State, Tribal, and local governmental entities are planning the roles they will play in the commemoration. By virtue of its role as administrator of large stretches of public land along the trail route and of the Army heritage of exploring and mapping of the western United States, the Corps will play a significant leadership role in the observance of the Bicentennial. The nature of this event will involve large numbers of the public traveling through numerous Corps local jurisdictions. The Lewis and Clark Coordinator is responsible for ensuring consistent agency wide information on safety, traversing navigation structures (locks), historic facts, and the geographic location of the Expedition's route. The Coordinator is also responsible for a consistent agency position in coordination activities with the large number of States, local communities and tribes planning local events either on or in close proximity to Corps projects.

These funds will provide the means to develop partnerships, maintain contacts (BIA and Tribal government designees, State Governor's committees, state recreation and tourism departments), improve facilities and interpretation and to implement plans for Bicentennial activities by coordinating with commercial entities and volunteer efforts.

#### *Performance Based Budgeting Support Program (PBBSP)*

The Government Performance and Results Act of 1993 (GPRA) requires that the Corps, implement performance based budgeting for the Civil Works Operation and Maintenance, General Program. The Performance Based Budgeting Support Program (PBBSP) addresses this requirement by seeking new methods for linking performance to annual budget requests and for analyzing the potential economic impact of budget requests on business processes.

With an fiscal year 2004 budget of \$815,000, efforts will center on further refinement of corporate performance principles and program and project level performance measures that focus on anticipated performance and output at different levels of funding, in accordance with the revised finance and accounting cost codes that now align with the five O&M business processes—navigation, hydropower, flood damage reduction, recreation and environmental stewardship. These measurements, at different organizational levels, provide the analytical basis to make adjustments in priorities both at the program and project levels concerning efficiency of facilities or services. Comparison of measurements among projects at all levels helps focus management attention on corrections of program or project deficiencies.

#### *Protecting, Clearing and Straightening Channels*

Section 3 of the 1945 River and Harbor Act (as amended by Section 915(g) of the 1986 Water Resources Development Act) provides continuing authority for limited emergency clearing of navigation channels not specifically authorized by Congress. A limit per project is not specified; however, in any given year, a maximum of \$1,000,000 may be used nationwide. Work pursuant to this authority is undertaken as emergency measures to clear or remove unreasonable obstructions to navigation in navigable portions of rivers, harbors and other waterways of the United States, or tributaries thereof, in order to provide existing traffic with immediate and significant benefit. The fiscal year 2004 budget of \$50,000 is an estimate based on historical experience. If actual requirements are more than estimated, funds will be reprogrammed to meet demonstrated needs.

#### *Recreation Management Support Program (RMSP)*

The fiscal year 2004 budget for the Recreation Management Support Program (RMSP) is \$1.545 million. This program supports the Corps recreation business program by funding activities of the Recreation Leadership Advisory Team (RLAT).

The RLAT is composed of representatives from the division, district and project levels of the Corps natural resources management program. It meets on a regular basis and provides input, advice and support to the Corps strategic planning activities for the recreation business program. The RMSP, under the leadership of the RLAT, serves to identify Corps national recreation program priorities and address those priorities through valid management studies, management support, and information transfer.

In fiscal year 2004, the RMSP will study the benefits of recreation, meeting the outdoor recreation needs of various ethnic groups, and customer satisfaction with Corps operated recreation sites and facilities. It will track recreation trends and support various tools to provide information to local managers to assist in operating the recreation program at their projects. Information obtained through RMSP and RLAT activities is critical to the Corps recreation business program strategic planning.

#### *Regional Sediment Management Demonstration Program*

Authorized by Section 516 of WRDA 96, the Regional Sediment Management Demonstration Program (RSM) is included in our fiscal year 2004 budget amount of \$1.545 million. The goal of this program is to demonstrate that, by managing our O&M navigation channel maintenance dredging, construction of shore protection projects and environmental restoration and beneficial uses of dredged material in tandem, we can reduce the total costs of all the projects within a given coastal system and ultimately increase the economic and environmental benefits throughout the Nation's coastal navigation system.

Our accomplishments to date include completion of a 3-year RSM demonstration projects with an estimated cost savings of \$9.4 Mill at Mobile District. A demonstration at East Pass was completed in fiscal year 2002 with collaboration with the United States Air Force. Many more demonstration projects are underway. The cooperation among Federal agencies and the collaboration among the three levels of government have been the greatest accomplishments to date.

#### *Reliability Models Program for Major Rehabilitation*

Our fiscal year 2004 budget includes \$675,000 for the Reliability Models Program For Major Rehabilitation. The purpose of this program is to respond to yearly needs of Districts and Divisions, which are preparing Major Rehabilitation reports for the upcoming fiscal year. The objective is to provide reliability models for project features or components that are being considered for Major Rehabilitation, or to provide procedures to consider the impact of various chemical, environmental or physical processes in a reliability analysis.

The fiscal year 2004 funds will be used to prepare reliability models and collect data for reliability analyses anticipated to be required by several Districts. Reliability models and/or data are anticipated to be needed for the following: Completion of a reliability model for seepage through embankment dams and levees will continue; Completion of a screening level tool for the districts to use to prioritize major rehabilitation and dam safety projects; Evaluation of data collected on performance of dam gates, to determine performance modes and verify load cycles used in reliability analyses, and electrical/mechanical systems model for locks and dams. Provide reliability analysis procedures for selected hydropower equipment. It is also anticipated that two rehabilitation workshops would be conducted. The makeup of these units is subject to the needs of the respective Districts and Divisions.

In prior year, reliability models and other analytical tools have been provided in support of Major Rehabilitation reports on numerous navigation and hydropower projects. In addition, 18 rehabilitation workshops have been conducted in the last 10 years to provide assistance to the Districts as they prepare their reports. These workshops offer guidance in conducting reliability and risk analyses, and provide the opportunity for interdisciplinary teams from the Districts to discuss their particular project with HQUSACE and other Districts personnel.

#### *Removal of Sunken Vessels*

Removal of sunken vessels, or other similar obstructions, is governed by Sections 15, 19, and 20 of the River and Harbor Act of 1899, as amended. Primary responsibility for removal belongs to the owner, operator, or lessee. If the obstruction is a hazard to navigation and removal is not undertaken promptly and diligently, the Corps may obtain a court judgement requiring removal, or remove the wreck and

seek reimbursement for the full cost of removal and disposal. Determinations of hazards to navigation and Federal marking and removal actions are coordinated with the Coast Guard in accordance with a memorandum of understanding between the two agencies dated 16 October 1985. Removal procedures are outlined in 33 CFR 245. The fiscal year 2004 budget includes \$500,000 for this program. If removal requirements are more than estimated, funds will be reprogrammed to meet actual needs.

#### *Water Operations Technical Support (WOTS) Program*

The Corps fiscal year 2004 budget includes \$725,000 for the Water Operations Technical Support (WOTS) Program. The WOTS Program provides effective environmental and water quality engineering technology to address a wide range of water resource management problems at Corps reservoir and waterway projects, and in the river systems affected by project operations nationwide. WOTS provides technical support to the Corps' mission related project responsibilities, with special emphasis on the transfer of technology. The program ensures that the technologies developed by the Corps and other Federal agencies are current and readily available to all Corps field offices. The effective use of technologies is secured through rapid direct technical assistance; field demonstrations; specialty workshops; publication of information exchange bulletins, technical notes, executive notes, technical reports, miscellaneous papers, instruction reports, videos, meetings, seminars; and briefings at field offices.

Since its inception in fiscal year 1985, WOTS has provided environmental and water quality technological solutions to over 1,300 problems identified at projects from every Corps District. The program annually publishes and distributes numerous copies of manuals, bulletins, notes, and reports. WOTS annually conducts specialty workshops, training personnel on the latest environmental and water quality management techniques. In fiscal year 2003, the WOTS program successfully responded to 80 direct technical assistance requests from 31 Corps Districts, conducted six technology demonstration efforts to verify management strategies and techniques, four training workshops on environmental and water quality management techniques, and prepared 12 technical publications for distribution to the field.

#### *Waterborne Commerce Statistics*

The Corps of Engineers serves as the Federal Central Collection Agency, and is the sole U.S. Government source, for U.S. domestic and foreign waterborne commerce and vessel statistics in conformance with the River and Harbor Act of 1922 as amended. Activities supporting this national statistics mission include: (a) collecting and reporting of water transportation statistical data; (b) automated systems development and operation, processing, compiling, and publishing statistical data and information on waterborne commerce and vessels moving on the internal U.S. waterways, the Great Lakes, and through all U.S. ocean channels and ports; and (c) compiling and publishing the official U.S. documentation of U.S. vessels engaged in commerce, and their principal trades and zones of operation. The data provide essential information for navigation project investment analyses, including accurate benefit-cost analyses; for annual funding prioritization for operation and maintenance of existing projects; for computation of performance measures; for input into the U.S. National Accounts; and for regulatory and emergency management decisions. The budget includes \$4.745 million for fiscal year 2004.

#### *Activities Under the Regulatory Program Appropriation*

The fiscal year 2004 budget amount of \$144 million is comparable to the fiscal year 2003 request, which was also \$144 million. With the requested funds, the Corps will continue to work toward reducing the average review time for standard permits to 120 days. Standard permits are the most complex and controversial of the Corps permit actions and involve significant aquatic resources and large-scale projects with major economic impacts. Standard permits generally involve intense coordination efforts between the applicant and other Federal/State agencies over difficult issues that may include endangered species, historic properties, and water quality issues. While they only account for approximately 5 percent of all permit actions, standard permits demand a enormous resource commitment. Since fiscal year 2001, the average review time for standard permits has increased from 150 days to 160 days. We are working diligently to reduce processing times on these and less complex permit actions to reduce overall processing time. Challenges to permit decisions are also increasing, resulting in more documentation for the project manager on every permit. The Corps administrative appeals program, however, is giving applicants the ability to challenge regulatory decisions without resorting to litigation.

Overall, the Corps is continuing to do an impressive job managing its permit workload. Out of 82,000 permit actions, including standard permits, 88 percent were

handled within 60 days in fiscal year 2002. This is largely due to continued emphasis and improvements to the nationwide permit program. In January 2002, the Corps issued revisions to its nationwide permit program. These changes not only increased environmental protection for activities authorized through nationwide permits, but also streamlined the approval process for some activities. Although we are generally maintaining review times for these actions, authorization requirements for nationwide permits are becoming more complex than in the past and many nationwide permits now may involve mitigation. In addition to permit decisions, in fiscal year 2002 the Corps made almost 70,000 jurisdictional determinations, many of these for single-family homeowners. This was an all time high. Many such determinations are not associated with specific permits as the public makes requests to learn if they are subject to Federal jurisdiction.

One area we are working to improve is the inspection of completed permit actions and mitigation projects to ensure compliance with permit conditions and mitigation requirements. A 2001 report on wetland losses by the National Research Council of the National Academy of Sciences concluded that the Corps needed to improve its oversight of wetlands compensatory mitigation activities.

In December 2002, the Corps issued a Regulatory Guidance letter (RGL) and initiated implementation of a National Wetlands Mitigation Action Plan. The RGL and mitigation action plan were developed with the Environmental Protection Agency and other Federal partners. The mitigation action plan complements the RGL and is intended to be complete within three years. It is designed to address outstanding concerns and to improve compensatory mitigation associated with wetland impacts of projects permitted under the Clean Water Act. The RGL and mitigation plan emphasize wetlands functions and a more holistic watershed approach in determining impacts and mitigation. This effort will involve considerable resources both at headquarters and the districts as the Corps and EPA work to complete the plan within three years.

The Regulatory Program is effectively implementing the watershed approach to evaluate impacts and ensure effective compensatory mitigation. Additional resources will be devoted to studies of watersheds and similar sensitive environmental areas. Wherever comprehensive reviews of individual watersheds can be undertaken, the Corps is better able to manage and predict direct, indirect, and cumulative impacts of proposed projects. This leads to better and more rapid evaluation of future permit applications that will result in expedited permit processing and potential workload reductions.

As a follow-on to the mitigation plan, the Corps Regulatory Program will be instituting a new database system designed to track additional permit and mitigation statistics, as well as introduce a system for the general public to submit and track permit applications on-line. The system will supplement the Corps program to provide more information to the public through the Internet regarding the Regulatory Program and permit actions. This system has been designed to improve regulatory business processes and will be installed in the first district in August of 2003.

In January 2003, the Corps and EPA issued an advance notice of proposed rule-making to develop regulations focusing on isolated waters. A 2002 Supreme Court decision (SWANCC) limiting Corps authority in intra-State, non-navigable waters created a need to better clarify Corps jurisdiction in these waters. Both public and Federal uncertainty in wetland policy has resulted in more Corps time being devoted to jurisdictional determinations. Development of policy and jurisdiction definitions will be a substantial work effort that is expected to carry into 2004. It will include public input, data collection, and evaluation by Corps districts, especially those with large areas of isolated waters.

#### ACTIVITIES UNDER THE FLOOD CONTROL AND COASTAL EMERGENCIES APPROPRIATION

The Corps continues to provide leadership in response to natural disasters and, therefore, must maintain a preparedness program that meets the needs of the Nation. In order to execute an effective fiscal year 2004 continued response-planning program and all-hazards preparedness activities in support of the Federal Response Plan, funds in the amount of \$70 million are requested.

The Corps responsibility for emergency response requires that its engineering, construction, and emergency operations capabilities be maintained. When a disaster strikes, people's lives, livelihood and property are at stake. Therefore, the level of funding requested is the minimum sufficient to support an organization capable of responding to all natural disasters: hurricanes, floods, earthquakes, and other disasters, such as contaminated public water supplies.

In addition to the preparedness program, the account funds emergency activities in response to natural disasters, as authorized by Public Law 84-99. Since we can-

not predict the timing and magnitude of disasters, emergency transfers may be made from other flood control related appropriations amounts and supplemental appropriations will be requested when the need arises.

Activities under this appropriation include: the review and updating of response plans to maintain readiness; training to ensure our capability to respond under adverse circumstances; procurement and pre-positioning of critical equipment and supplies such as sandbags and pumps, which are not likely to be available during initial stages of a response; periodic exercises to test and evaluate plans, personnel and adequacy of training; emergency facilities needed for rapid, effective response to disaster areas; inspection of non-Federal flood control projects to ensure their viability to provide flood protection; emergency operations (flood response and post-flood response); emergency repair and restoration of flood control works which are threatened, damaged or destroyed by flood; emergency protection of existing Federal hurricane and shore protection works; the repair or restoration of Federal hurricane or shore protective structures damaged or destroyed by wind, wave or water action of other than ordinary nature; preventive work performed prior to unusual flooding that poses a threat to life or property; providing emergency supplies of clean water to any locality confronted with a source of contaminated water causing or likely to cause a substantial threat to public health and welfare; and provision of water supplies to drought-distressed areas by reimbursable well drilling or transportation of water at Federal cost.

Work continues on comprehensive interagency response planning activities. These activities support, under the Stafford Act, the Federal Response Plan by providing engineering and construction support following major disasters such as flooding in South Central Texas, and Virginia/West Virginia; Typhoons Chataan and Pongsona in the Western Pacific Ocean; Arizona wildfires; Tropical Storm Isidore, Louisiana; and Hurricane Lili, Louisiana. Mission assignments in support of FEMA's disaster response and recovery activities have included: emergency debris removal; temporary housing; emergency water; restoration of infrastructure; temporary power; construction management; and other support which uses Corps engineering, contracting, and construction expertise.

#### ACTIVITIES UNDER THE FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM (FUSRAP)

The Corps has completed remediation at 4 sites, 2 of which were transferred to the Department of Energy for long-term stewardship activities per the 1999 memorandum of understanding between the two agencies, issued 6 records of decision, and completed 6 interim removal actions through the end of fiscal year 2002. The Corps expects to issue 2 records of decision and an Action Memorandum for one new removal action in fiscal year 2003, and issue 6 records of decision in fiscal year 2004 and complete two removal actions. The FUSRAP budget for fiscal year 2004 will fund work at 21 sites in the States of Connecticut, Iowa, Maryland, Massachusetts, Missouri, New Jersey, New York, Ohio and Pennsylvania.

#### ACTIVITIES UNDER THE GENERAL EXPENSES APPROPRIATION

The General Expenses (GE) appropriation supports the executive direction and management (ED&M) functions of the overall Civil Works program performed by the Corps Headquarters and the regional Division Offices. The primary purpose of the GE account is to provide definitive policy guidance, program management, regional and national interface, and quality assurance and oversight for all Corps activities toward execution of a comprehensive Civil Works program. The fiscal year 2004 budget for the GE account is \$171 million, approximately 3.9 percent of the Corps budget. This supports a projected staffing level of 1,095 full time equivalents (FTE).

The fiscal year 2004 program of \$171 million consists of approximately 70 percent labor, 10 percent fixed costs such as rent, utilities, communications, and the Plant Replacement and Improvement Program (PRIP) paybacks, 6 percent for such discretionary costs, as travel, training, supplies, and equipment and 12 percent for other Civil Works programmatic type contracts, such as P2/PMBP, Planning Capability Improvement Program, Workforce Planning, implementation of Competitive Sourcing, CFO audit of civil works financial statements, E-government initiative for outgrants and leasing requests, USACE University, Leadership Development and the CWD-IM Support/Information Assurance Program.

In fiscal year 2002, the Corps completed a 5-year draw down of the strength in the GE account. The Corps downsizing efforts reflected reductions realized through focusing on appropriate roles and missions, elimination of duplication of effort, reducing the number of regional division offices from 11 to 8, and continual process

reviews to achieve additional savings through efficiencies. Overall, this realized a savings of 256 FTE or a 19 percent reduction. The staffing for the Headquarters will be 420 FTE in fiscal year 2004. This staffing level is the same as fiscal year 2003 and makes up less than 2 percent of the total Civil Works workforce.

In fiscal year 2004, the average size of a division office will be 76 FTE performing ED&M. This is up by one from 75 FTE in fiscal year 2002 due to the civilianization of the Provost Marshall positions. The size of the Pacific Ocean Division office is 20 ED&M FTE based on the size of its Civil Works workload. The regional division offices make up less than 3 percent of the total Civil Works workforce with a staffing level of 553 FTE.

The GE account also funds staffing at the Humphreys Engineer Center Support Activity (HECSA), which provides administrative support to the Headquarters and the Humphreys Engineer Center at Ft. Belvoir; the Institute for Water Resources, which provides water resource support functions, such as conducting and managing national studies, special studies, data collection and distribution, and technical support to other Corps offices on water resource management matters; the Engineer Research and Development Center (ERDC), which provides support to the Coastal Engineering Research Board (CERB); and the Corps of Engineers Financial Center, which provides centralized finance and accounting activities Corps-wide. These activities represent 122 FTE.

#### PLANT PLACEMENT AND IMPROVEMENT PROGRAM

The fiscal year 2004 Plant Replacement and Improvement Program (PRIP) obligations under the Revolving Fund for items designed to improve productivity, increase efficiency, modernize, improve the Corps equipment and operational capabilities, and increase safety are estimated at \$84.1 million. This amount includes estimated fiscal year 2004 obligations of \$33.6 million for 13 new major items and \$33.4 million for 42 continuing major items. Major items are those assets costing more than \$700,000.

#### SUPPORT FOR OTHERS

In fiscal year 2004, the Corps will provide reimbursable engineering, environmental remediation, construction management, emergency response and other technical support to more than 60 Federal agencies. The estimated dollar value of the Corps efforts is \$900 million. The program size depends on several factors: the requesting agency's appropriation (which often is not known until after the fiscal year has begun), the requesting agency's final decisions on how their program will be executed, and the number, nature and magnitude of national and international emergencies which the Corps will be requested to respond.

#### CONCLUSION

This concludes the detailed statement of Major General Robert H. Griffin on Remaining Items of the fiscal year 2004 Civil Works Budget.

Senator COCHRAN. Thank you very much, General Flowers. General Griffin, do you have a statement?

General GRIFFIN. No, sir.

Senator COCHRAN. Let me, again, welcome you to the committee hearing. We appreciate your attendance.

And as I say, I am pinch hitting for Senator Domenici, and he has not only a full statement on the subject before us today, but a number of questions, which I will submit at this point and which have to be answered by our witnesses.

For my part, let me remind you that one of the most important projects the Corps has under its jurisdiction is the Mississippi River and Tributaries Project. I was reminded of that earlier this year—or maybe it was last year. I went to Enid Dam in the northern part of our State and spoke at the 50th anniversary of the construction of one of the large projects that is a part of that project.

Not only is there a levy system that contains the Mississippi River that was authorized by Congress as a result of the huge devastation caused by the flood of 1927, but a number of other spinoff

projects all along the trail of the—the length of the river have been authorized and funded by Congress to try to help protect the lives and property of people who live in the lower Mississippi River Valley.

And by and large, it has been an enormously successful undertaking although very costly, and it has taken a long time to complete the project. As a matter of fact there are still some parts of that project that have not yet been completed. Some are still in the design phase and planning phase. Others are still under construction.

I would like for you to take a minute for me and let me know what your reaction is to the budget submission as it relates to the Mississippi River and Tributaries Project, and in particular the protection of the main stem levy system. A lot of work is being done, I know, along the river.

I have reviewed some of the projects in my State, Issaquena County, and in Sharkey County in particular this year to see how work is being done, the environmental sensitivity of some of the work, the effort to take advantage of new technologies and the like.

Could you assess for me what your view is of how that work is proceeding? And is this budget submission sufficient to see that that is continued so that the purpose for the original authorization of that project is met?

General FLOWERS. Sir, let me begin. The President's fiscal year 2004 budget provides \$280 million for the MR&T. And that money is sufficient to take care of projects on the main stem of the Mississippi.

It is a very tough year with the global war on terrorism, and some pretty tough calls have to be made, and I think this was probably one of those tough calls. We have—as a former president of the Mississippi River Commission, I understand the great concern that you have, sir, and we will do everything we can to make whatever money is afforded to us as effective as possible in protecting the valley. And I do not know if Mr. —

Mr. BROWNLEE. Mr. Chairman, I would add that the flood protection along the main stem Mississippi River, as I understand, is a priority of the administration and has received funding in accordance with that priority, so it was recognized within the administration as a priority.

Senator COCHRAN. Thank you. There have been a number of suggestions for reforms in the way projects are planned and the construction process as approved. In looking at some of these suggestions, it makes me wonder whether these are really attempts to delay the planning and construction of projects in the Civil Works budget of the Corps of Engineers.

I think the ultimate result is going to be that those projects that are approved and undertaken are going to be a lot more costly than they would have been otherwise.

What are your observations about these proposals? Do you have any views about the proposals that we ought to take seriously, and those that we might view with some skepticism? What is the Corps' position on the reforms that are being suggested?

Mr. BROWNLEE. Mr. Chairman, if I might just comment for a moment on the intent of these measures, and then I will let others who know more detail about the actual impact of it raise that.

But the intent, of course, was to focus the funding, which is modest, in accordance with the other priorities the Nation faces to try to complete work on those projects that are ongoing; to reduce the number of projects that are being designed so as not to build up a backlog of projects that are designed that we cannot afford to proceed with construction; and, therefore, to try to get the highest pay-off by getting projects completed instead of spreading the money over so many projects that they all move forward just a little bit. That was the intent of the program. And I will defer to General Flowers for—

Senator COCHRAN. Thank you, sir.

General FLOWERS. Sir, the Corps' planning process is one that has been recognized by such bodies as the National Academy of Sciences as a very sound one. And we have prided ourselves on a very—on a process that has always been very open and very public.

Now, having said that, it is also a process that takes a lot of time and at times costs a lot of money. And so we are looking for ways to transform the Corps to provide better service to the Nation. And we have listened to a lot of input on ways to do that, and on many we are already taking action. We are within the Corps instituting a new project, management business process that will go across the organization that will hopefully make us more efficient.

We are becoming a learning organization so that we will take advantage of all of our experiences, both good and bad. We have established some environmental operating principles which speak to sustainable development, to always take those into consideration, and communications principles for being a much more open and communicative agency.

And I would say specifically to the Civil Works program, that we are working very hard to improve our planning capability. And with us in the room today are four members of our first new class of planning associates. They have been in Washington this week. If you would, just please raise your hands.

They are here—one from each of our Corps divisions, and they represent our planning associates program and will, at the conclusion of their program, receive Masters' in water resources planning. We have been working very hard to reestablish and strengthen that capability.

We are sponsoring the navigation economic modeling symposium in April, I believe, to look at the status of the science of economics and prediction. We are working with a strategic plan, and our Civil Works are way ahead. And that has been broadly circulated, talked about.

We have done some independent project review internally to the organization. We have funded it. We have asked firms with national recognition to come in and review some of the work that we have done as a way of checking our work.

We have asked for funds in the fiscal year 2004 budget to conduct a look-back study to determine, on projects that have already been completed, if they are delivering the benefits that we had calculated they should derive.



And we have asked for funding to \$3 million in the fiscal year 2004 budget to conduct an independent review of some of our projects. And so I think we have heard what people have said, and we are working to make the organization—or transform the organization into an organization that will provide better service to the Nation.

Does that mean we are finished? No. We look forward to working with this committee, with the Congress, with the stakeholders, and with all who have provided input to do a better job.

Senator COCHRAN. Thank you, General.

Thank you, Mr. Secretary.

Senator CRAIG.

Senator CRAIG. Thank you very much, Mr. Chairman.

I guess I have one question, General. It is more of an elaborate-if-you-would-please. Did I hear you talk about the “need for a national water policy” or “a national water policy”?

General FLOWERS. Sir, what we see as—what I have seen as I have traveled around the country are growing debates on the uses to which we can put a very precious resource. And my belief is that in this 21st Century, water will become what to the 20th Century oil was.

And so I think as a way to resolve these competing interests, there is a need to dialogue about what will be important to the Nation as we move to the future, and I—there was a very important event last September. One of the members of the committee came and spoke on the need for—and we had a very healthy debate on the seminar with interests representing the spectrum.

And I think we concluded that there were probably about 18 uses that you could put water to that were beneficial, but oftentimes in competition with each other. And so there probably needs to be a debate leading to hopefully some consensus on how we should move forward.

I do know that in the areas in which we are involved that would be very helpful if we could take a more holistic approach to water issues. And what I am suggesting, sir, would be a watershed wide approach that would, I think, enable the Congress and the agencies that provide input to make sounder recommendations on how to take care of those precious resources.

Senator CRAIG. Well, I thank you for that observation. I think those of us who grew up in the arid West understand the criticality of water.

We also understand who ought to control it and who ought to manage it. West of the Mississippi we have something called the Western Water Law that this Congress determined a long time ago ought to be the prerogative of the State and State governments and State capitals.

And, of course, you have worked cooperatively over the years with that relationship and understanding. East of the Mississippi they have just always had a lot, never worried too much. Actually, they worried more about managing too much than not enough. And, of course, we have seen that change here just in this area where we have just gone through a drought.

I do not disagree with you about the finite resource we are dealing with and its character and how it will be seen and how it must

be handled in the future, but I would suggest that caution be directed at actions you might take or efforts you might want to stimulate as it relates to who calls the shots. It is a national debate, and that is valuable. But if Western States are considered secondary in that debate and not primary, you are going to have difficulty.

I do not want this capital city to determine the allocation of that resource for my State. That is the job of my capital city. And that is the way it will stay as long as I serve.

Clearly, we must understand the value of the region and all of those of us participating, but we have formed river commissions before. We have formed a consortium amongst our States that live in the arid West to effectively manage. And at times the Federal Government has, in part, stepped in as an arbiter. But all I can suggest to you in this impending debate—and it will be there. My guess is it will not reach its peak until you and I are long gone.

I am simply going to have to remain and will be, for obvious reasons, a pretty outspoken advocate that that debate occur at least for the West, the Pacific Northwest, in Olympia, Washington, or Boise, Idaho, or Salem, Oregon, and not in Washington, DC. Thank you.

General FLOWERS. Yes, sir.

Senator CRAIG. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

General Flowers, the 2003 check-in date for the Columbia/Snake River biological opinion is fast approaching and some have questioned whether the Federal caucus is adequately implementing that biological opinion.

As I look at your Corps budget, it seems to contain a commitment to that effort, the Columbia estuaries, a new start in fiscal year 2003 and included in the budget upcoming, 2004.

The Columbia River fish mitigation program was short of full funding in the 2003 appropriation bill, but the budget is \$95 million in the 2004 budget. And significantly, thanks to the efforts of this committee, the subcommittee jump-started the Chief Joseph Dam gas abatement project by including funding in 2003, and I trust will do more in 2004.

Can you just take a minute and give me your view on how the Corps is doing in meeting its obligations for the biological opinion, and is there more that we can be doing?

General FLOWERS. Ma'am, I think we are working very hard at meeting all of the aspects of the Bi-Op. And I think as you stated, the budget for fiscal year 2004 reflects a commitment to do just that. So within the organization, we see ourselves meeting all of the requirements of the biological opinion, and we will continue working.

Senator MURRAY. Is there more that we can be doing?

General FLOWERS. I do not know what that would be, ma'am. I think you are doing a great job.

Senator MURRAY. Well, I will keep pushing the committee.

General FLOWERS. All right.

Senator MURRAY. Well, thank you. Let me ask you about the John Day Lock and Dam. As you know, we have significant problems there, and both upstream and downstream locks are experiencing problems that are causing navigation of the locks to take twice as long. The dam is experiencing leakage under the foundation. And I guess I am kind of surprised that we are facing an operation and maintenance issue of this scale, and that it really appears to be unexpected.

So I would like to understand: Were we, in fact, unaware of the deteriorating condition of that lock and dam? And what is the outlook for repairs?

General FLOWERS. Let me defer that to General Griffin, please.

General GRIFFIN. Senator Murray, General Griffin.

We have—the seepage—first, I will address the dam in general. It was built in the 1960's. It was built on fractured rock, and because of that you get seepage, and over time there has been increased seepage.

So we were not surprised by this. We are surprised by the amount of increased seepage, so we—ma'am, we were not surprised by that. You know, there are really two issues there, as I know you are aware. One is a monolith that leaks is part of this foundation issue. And on the monolith itself, that was built in the 1960's. Repairs to the monolith will be complete in September 2003. That will be done at a cost of \$3.8 million.

The lock itself have—the failure to the gate itself, John Day Gate, the preliminary analysis, as we have not completed our review, but it is a cable operated gate, as you know, with a counterweight and what happened is we believe there was a binding there and the cable snapped.

As a result of that, we have extended lockages by an hour and 10 minutes. The good news is, ma'am, that even though the lock gate failed, we were able to bring in a floating bulkhead and resume operations the next day. And so that we expect to award in April. It is going to cost \$3.7 million. We will have that fixed by the end of June.

And so I know one of the other concerns was: Will we have to shut the lock down in order to repair the monolith? And the answer is no. We will have to go to 12-hours-on/12-hours-off for 7 weeks, but we will not close the system during those repairs.

Senator MURRAY. Okay. Thank you very much.

General GRIFFIN. Yes, ma'am. Yes.

Senator MURRAY. I appreciate that. And, you know, John Day is just one example in the Northwest of a significant backlog of O & M funding needs. You have got the jetties at the mouth of the Columbia and Coos Bay is edging towards failure as well.

And it seems like every lock and dam on the Columbia and Snake system could use an increase of O & M funding right now. And I know we have this funding shortfall for O & M, and it makes it hard to move forward on new start projects like the deepening of the Columbia River channel, which my ports feel is really essential for ports, farmers, and exporters as we compete in a global market.

So when I talk to people in the Northwest, they tell me that they are concerned that O & M funding is being undercut because we are having to address the security needs at the Corps facilities.

General, if you could, just talk to us about the security budget. Is it inadequate? Is it taking money from O & M? Is that a concern, and how do we address that?

General FLOWERS. Well, this year in fiscal year 2004, we intend to take \$104 million to put in place projects to better secure our critical infrastructure, and that does come out of our O & M account.

Senator MURRAY. That comes out of the O & M. So it is a concern?

General FLOWERS. Yes, ma'am.

Senator MURRAY. And that will impact our ability to do a lot of our current O & M needs, as well as any new starts?

General FLOWERS. There will be an impact, and based on the 2004 budget that is proposed, our backlog of high priority maintenance will exceed \$1 billion.

Senator MURRAY. Well, I think that is a real concern for this committee that we need to be aware of.

Senator COCHRAN. Thank you, Senator.

Senator MURRAY. Thank you, Mr. Chairman.

Senator COCHRAN. Senator Dorgan.

Senator DORGAN. General, let me talk about a couple of things. And, Assistant Secretary, welcome to all of you.

The Grand Forks flood control project, which I know you are involved in, the flood that virtually everyone remembers that caused the evacuation of the entire city of Grand Forks precipitated the requirement to build a new flood control project.

The President's budget recommends a cut of nearly \$10 million. We appropriated \$35 million in the omnibus bill this year. The President recommends \$23.4 million. Will that keep us on schedule to complete this flood control project by the end of 2004, or will it throw us off schedule?

General FLOWERS. Sir, this budget, the 2004 budget reflects fully funded projects that can be completed in fiscal year 2004, and keeping eight other high priority projects on a most efficient schedule. The remainder of the projects will be continued, but their duration will have to be stretched out, and this is one of those projects. Yes, sir.

Senator DORGAN. You are aware that FEMA will be remapping there and creating the new flood plain, and when that happens before the completion of the flood control project, 90 percent of the people living in both of those cities on both sides of the river, Grand Forks and East Grand Forks, will be required to spend \$10 million to \$15 million in the interim for flood insurance. The expectation was to try to move to complete this project concurrent with the remapping so that we did not have that problem.

You are saying that the President's recommendation slides the completion date of this project at this point, huh?

General FLOWERS. Yes, sir.

Senator DORGAN. And how far does it slide it?

General FLOWERS. Sir, we will have to take that for the record, if we could. But I believe it to be about 6 months to a year.

[The information follows:]

With \$23 million for fiscal year 2004 and a similar amount for out-years, the project would stretch out to fiscal year 2008. With a total appropriation of \$60 million in both fiscal year 2004 and fiscal year 2005, critical features could be substantially completed by December 2005, and with follow-on appropriations of \$1,811,000 in fiscal year 2006 the project would be physically completed by June 2006.

Senator DORGAN. Well, that is a major disappointment, obviously, to the people of Grand Forks. I think it is the only significant size city that was completely evacuated since the Civil War in this country. It was quite a sight to see.

The Congress provided enormous help to the region as a result of that dramatic Red River Valley flooding, which I think was a 400- or 500-year flood. But the need to complete this flood control project is urgent, and I am really disappointed to see the President's recommendation. We will try, of course, to build some of that back, which is, I am sure, going to be very difficult.

Let me ask you about the Devils Lake issue. That is a flood that has come and stayed, and you have announced a—the need for an outlet, and that a potential wet cycle and the devastation of having the water cascade naturally from the east side of the lake when it reaches that overflow area would produce pretty dramatic results downstream. And we have to stop that. And so you have announced the need for an outlet. You have actually announced a preferred outlet, is that correct?

General FLOWERS. Yes, sir. We have released a final environmental impact statement with the constructed outlet as the preferred alternative. And that will be going out shortly for comment.

The—in my time as chief of engineers, and in probably my time as an engineer, this was one of the most difficult problems that I have been associated with, in that Devils Lake is a closed basin and depends on essentially evaporation to remove whatever water collects inside that closed basin. And we know that geologically about every 800 to 1,200 years that basin will overtop and spill into the Sheyenne River, or the Red River of the North.

And we have been maintaining data for about an 80-or-so-year period. And so we really do not know where we stand in that geologic cycle. We do not know whether we are close to the 800- or 1,200-year time when it may overtop. And what we have seen in the last few years has really pushed us out of the predictive—our ability to really predict what might happen.

And so by choosing that as a preferred alternative, I was reflecting my recommendation that the Nation not accept the risk associated with ignoring this and using the more standard modeling that we do for river-type basins. And so that is why I announced this as a preferred alternative. It was a very tough call, but that is it, sir.

Senator DORGAN. Will it be your request to fund this as soon as you go through the comment period? Because you have outlined a preferred alternative and the consequences of not doing something at this point, will it be your determination to recommend and request funding in the next budget cycle?

General FLOWERS. Sir, following—pending the EIS responding to comments, et cetera, and once a record of decision is made, if that

decision is to do an outlet, then we would probably move forward, yes, sir.

Senator DORGAN. The budget request also zeros out the Breckenridge Flood Control monies, which stops the Wahpeton project, and Grafton Flood Control. Those are relatively small projects, but what would the anticipation be with zero funding? The project would just come to a halt?

General FLOWERS. Sir, if the project is in preliminary design, it would be suspended until money becomes available. If it is a project that has not been begun, then one of the decisions made in formulating the 2004 budget was to not include any new starts in the budget.

Senator DORGAN. Well, let me just say that I think the budget request is a huge disappointment in a number of areas. We are dramatically underfunded. Some key projects that must move forward were not funded appropriately. And you indicated that the budget will focus on finishing ongoing projects, but the fact is that has not been the case in several of our circumstances, but I want to work with you.

Let me ask one additional question, if I might, with respect to the master manual, which at least the staff of Senator Bond would be disappointed if I did not ask, I am sure. That was a 6-month project that has now at the end of 12 years produced a preferred alternative, the exact details of which, I think, are still at this point not public. Is that correct?

General FLOWERS. Yes, sir.

Senator DORGAN. There is a preferred alternative that is bouncing somewhere between yourself, The White House, and CEQ and others. I had General Fastabend before the committee last year. And, you know, he made an appointment to see me on May 23rd—I think it was May 23rd—the Corps was going to announce the preferred alternative the next day. And so he was coming to alert us to what the preferred alternative was going to be.

That meeting was then cancelled, and in a subsequent hearing I said to General Fastabend, I am sorry, "Could you tell me what it was you were going to tell me, because clearly you had a preferred alternative? You were going to disclose it. Can you tell me what it was you were going to disclose but did not disclose?"

And the answer was, "No, I am under orders not to do that."

I said, "Whose orders?"

He said, "General Flowers' orders."

General FLOWERS. Oh.

Senator DORGAN. So would you tell us what General Fastabend was going to tell us but could not tell us as a result of your orders, General Flowers?

General FLOWERS. Sir, if I could, I would defer to the Under Secretary for this.

Mr. BROWNLEE. Sir, most Under Secretaries probably become very good troubleshooters. I may have become a very good troublemaker in some respects. But I had just been appointed as the Acting Assistant Secretary of the Army for Civil Works when General Fastabend brought this matter to my attention. As I was briefed on it—and I admit to no long history of knowledge of these matters, but as I was briefed on it, it seemed to me that—clearly as

you know better than I do, these are very complex, sensitive issues. There are differing sides. It does not seem to cut politically. It seems to cut regionally.

Senator DORGAN. That is correct.

Mr. BROWNLEE. There are also matters, very important matters dealing with endangered species that have to be dealt with, and it was my decision. I ordered General Fastabend to cease engines, to not take this outside the administration until I had an opportunity to, A, learn more about it; and B, I have to admit that it appeared to me that the process we were following could have turned into one that was adversarial even within the administration. And the 18 years I had spent working on the staff here in this body told me that the best way to address these kinds of issues is to get well informed, well intentioned people around a table and see if we cannot work something out.

So my direction to him was that we would work collaboratively within the administration to see if we could reach some positions that would more adequately satisfy these very varying interests.

I have to admit to you that this has gone on longer than I ever anticipated, but I also want to report to you that I think we are right on the verge of entering formal consultation—reinstating that formal consultation with the Fish and Wildlife Service, and hopefully we can proceed.

It certainly is not my intent and it has never been my intent to delay this as long as it has been. This actually happened in the April, May time period. I never dreamed I would be here saying, “We are not there yet.”

But as you know very well, it involves very complex issues. The drought has not helped things one bit. It has made it even more difficult. I just want to tell you, sir, it is my intent that the Army will continue to work this problem—but General Fastabend was doing exactly what I told him to do.

So at this point in time, I just have to tell you that it is my hope—I had hoped that by yesterday, we would be back in formal consultation with the Fish and Wildlife Service. Unfortunately, I got a call last night. It may be delayed a day or two, but we are that close, I think, to reinstating formal consultation with the Fish and Wildlife Service.

Senator DORGAN. Mr. Chairman, I perhaps have exhausted more than my time. May I make an observation about that, however?

Senator COCHRAN. Of course.

Senator DORGAN. This is approximately another 1-year delay on top of 11 previous. It is not the end of the world, but are you willing to set a time-line, like another 12 years or so?

Because what will happen to us—

Mr. BROWNLEE. Yes, sir.

Senator DORGAN [continuing]. Is another assistant secretary will come in and say, “You know something? This is controversial. And, General, I know you are working on this, but pull back.” And so, you know, your grandchildren will be here and testifying on these things.

We need to make progress. The fact is this river is critically important to the upstream and downstream States. It has become a kind of a Hatfield/McCoy situation, but somebody needs to step in

and say, "Look. Here is the best way to manage this river, recognizing all of the interests of all of the people that have an interest in this river." And it is not going to happen by delay, and it certainly is not going to happen by preventing us from knowing what the Corps has been doing. And they were at a point where they had a preferred alternative, and I would very much like to know what it is.

Mr. BROWNLEE. Yes, I understand.

Senator DORGAN. Can you tell me what it is?

Mr. BROWNLEE. Sir, I would not know the detail adequately to describe it to you here at this point. I can tell——

Senator DORGAN. Well, could you tell the General to do it then? Because he knows.

Mr. BROWNLEE. My understanding is it has been kind of kicked around out there for awhile, but if I could, Senator, I just want to say that I do not disagree with any of the points you have made. I had hoped to appear before you to report a lot more progress than I am reporting now. There is another nominee for this particular position who I understand has already appeared in one hearing before the Senate, maybe at another one. But I did not feel that I could let that go forward knowing as little as I knew about it. I apologize for that. That is my problem and not yours.

I think that while there is not a lot of apparent progress that I can put before you today, I think there has been some, and hopefully we can reach the kind of solution that will benefit the interests or balance the interest, at least, on both ends of this river.

Senator DORGAN. Mr. Assistant Secretary, thank you.

Senator COCHRAN. Senator Bennett.

Senator BENNETT. I have no questions for this panel.

Senator COCHRAN. Thank you very much, gentlemen. We appreciate your attendance at this hearing.

Senator CRAIG. Mr. Chairman?

Senator COCHRAN. Senator Craig.

Senator CRAIG. One last comment: Both the Senators from North Dakota and I are co-chairs of an important caucus here on the Hill, and the Army Corps is a major player. And we began an episode that started 200 years ago to celebrate it last month.

General, you have got \$310,000 in the budget for the Lewis and Clark Bicentennial. And you do play a major role in that. I believe that was a military activity and an Army activity some 200 years ago.

General FLOWERS. It was, sir.

Senator CRAIG. Is that adequate funding?

General FLOWERS. Sir, I think given all of the competing interests for the very scarce resources that the taxpayers have, it is probably sound. We have been trying to put as much of our O & M budget as we can toward preparing our portion of the Lewis and Clark Trail for or to receive visitors during the Bicentennial.

Senator CRAIG. Yes.

General FLOWERS. And I can provide to you and your staff a by-project listing of where we intend to invest money over the next couple of years.

[The information follows:]



CORPS OF ENGINEERS—OVERALL CAPABILITY FOR LEWIS AND CLARK PROJECTS AS OF MARCH  
2003

Project	Total Cost
Hannibal Lock and Dam, WV .....	\$229,500
Lake Ashtabula, ND .....	400,000
Mississippi River from Missouri River to Minneapolis .....	475,000
Mississippi River from Ohio River to Missouri River .....	1,013,000
Clinton Lake, KS .....	30,000
Perry Lake, KS .....	967,000
Fort Peck, MT .....	2,594,000
Garrison, ND .....	4,808,000
Gavins Point, SD and NE .....	7,396,000
Oahe, SD and ND .....	465,000
Dworshak Dam, ID .....	738,000
Ice Harbor, WA .....	1,280,000
Little Goose, WA .....	50,000
Lower Granite, WA .....	265,000
McNary, OR .....	601,000
Mill Creek, WA .....	150,000
Bonneville, WA and OR .....	2,793,000
Dalles, WA and OR .....	184,000
John Day, WA and OR .....	1,403,000
Albeni Falls, WA .....	65,000
Lake Washington Ship Canal, WA .....	15,000
Mud Mountain Dam, WA .....	15,000
Chief Joseph Dam, WA .....	15,000
Libby Dam, WA .....	15,000
National Coordinator and Events .....	310,000
<b>TOTAL</b> .....	<b>26,276,500</b>

Senator CRAIG. Well, I would like to see that. It is a short-lived project, but it is certainly one worthy of this country, and one to be celebrated. And we want to see it go forward for all of the public to enjoy. Thank you very much.

Mr. Chairman, thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. Thank you, Senator.

Thank you all, gentlemen, for your cooperation with the committee and being here today and presenting the budget request for the U.S. Army Corps of Engineers.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

CONSTRAINING CORPS CONSTRUCTION

*Question.* One of the items the Corps' budget reduces significantly is the Preconstruction, Engineering, and Design, or PED-phase projects. In last year's enacted appropriation, the Congress funded approximately 80 projects in this phase. The PED phase is the last stage before construction. The administration is proposing to cut that number to about 18.

Can you, General Flowers or Undersecretary Brownlee tell the committee the practical effect this has for these projects?

Mr. BROWNLEE. The reduction in the number of PED's is an important element of our budget proposal. It is not due to any limitation on planning or design funds. Rather, until the large backlog of ongoing construction projects is reduced we need to reduce the number of projects that we design and initiate. The Fiscal Year 2004 Budget continues much important ongoing planning, PED and research work but

does put on hold many continuing PED activities that had been ongoing in previous years. The Fiscal Year 2004 Budget includes five new reconnaissance studies and provides significant funding for priority ongoing planning, research and PED work. Until the large backlog of ongoing construction projects is reduced we need to reduce the number of projects that we design and initiate.

*Question.* Would this budget, if enacted, force the Federal Government to terminate contracts?

Mr. BROWNLEE. No PED contracts would be terminated as a result of this budget. The PED activities would be in a pause status, not terminating, and as such could be continued when funds become available.

*Question.* Is there funding included in your budget to cover the contract termination costs associated with this decreased PED activity?

Mr. BROWNLEE. Since no PED contracts would be terminated, there is no termination costs associated with this decreased PED activity and no funds for termination would be needed.

#### TRANSFORMATION OF THE CORPS

*Question.* The Congress and the administration are always seeking new ways to do things more efficiently, more effectively, and less costly. As always, we see continuous negative news reports about the Corps. I would like to commend you, General Flowers, for undertaking this effort to transform the Corps.

Commonly, constituents complain about the permitting process, or that the construction process takes too long with a large project averaging from 10 to 15 years, depending on the size. Can you tell this committee what the Corps is doing internally to transform itself into a more productive agency?

General FLOWERS. We are doing a number of things to transform ourselves into a more productive agency. First, we are strengthening the Planning Program. We're cooperating with major universities and have established a planner training and development plan, to include core curriculum, a new Planning Associates Program, and the Masters in Water Resources Planning. We are also moving forward with a Planning Leadership Development and looking at our structure with a focus on establishing centers of Specialized Planning Expertise needed for the 21st Century. We are also looking to modernize planning processes, tools and models as well as our environmental benefit evaluation and formulation. We have developed and are now working on specific procedures to implement the Environmental Operating Principles to assist field planners in formulating environmentally sustainable civil works projects. Having more effective planning practices will lead to better studies, which will lead to better reports and a more efficient study process.

We must improve our operations for more expeditious and productive performance. In recognition of this, I have been engaged, throughout my tenure as Chief, in an effort, initiated by my predecessor, to reengineer the organizations and business operations of the Corps of Engineers. In that effort we have selected the project management way of doing business as the basis for developing a business management system and attendant organizations and operations. This system, called PMBP, including an automated information system (AIS) to go along with it, is being implemented Corps-wide to manage all Corps projects more efficiently and effectively. Supporting policy and doctrine, definitions of our business processes, and curriculum are in now in place Corps-wide. Deployment of the AIS is scheduled to begin in mid-October and once fully deployed, the PMBP system will greatly enhance our ability to better support the Army, other Federal agencies, and the Nation.

As to our permitting process, we will have available by August 1, 2003, an electronic application and comment form tied to the implementation of our new permit tracking system. Most Districts are currently publishing their Public Notices on the web and are moving toward electronic notification procedures. Other plans include the hiring of additional personnel to reduce process time for the large number of standard permits and general permits; continuing to encourage pre-application coordination allowing potential applicants to work out issues before submission of an application and allocation of additional resources to studies of watershed approaches to the permit process. The latter allows better prediction of future permit impacts in sensitive areas so permit review can be expedited for standard permits as well as other permit actions.

*Question.* It is my understanding that the Corps has undertaken an examination of its processes, what is the most remarkable thing you have found?

General FLOWERS. In examining the processes that are leading to the transformation of the Corps I have found it remarkable how powerful a concept "working in teams" can be. Through teams, we are able to exchange information, ideas, and

concepts, which lead to solutions coming from a synergy that is simply not present when working in the traditional “stovepipe” method.

*Question.* Did you seek out the views of any affected parties outside the Corps, its customers and critics?

General FLOWERS. Yes, I have. Among those is the Corps Reform Network, comprising all parties interested in improving our program. We have also redoubled our efforts to engage Federal, State, and local agencies, stakeholders, and the public in meaningful dialogue on what the Corps should look like in the future. Additionally, I have issued communication principles to ensure open, effective, and timely two-way communication with the entire community of water resources interests. We know well that we must continue to listen and communicate effectively in order to remain relevant.

*Question.* What are ways the Congress can assist the Corps to become better at its job?

General FLOWERS. Senator I would seek any and all advice and guidance that the Congress can provide as to what you would like to see out of your Corps of Engineers. We have heard what the people we have spoken with have said, and we are working to transform the organization into a one that will provide better service to the Nation. We look forward to continue to working with the Congress as well as stakeholders and all who have provided input, so we can all do a better job.

#### INLAND WATERWAY AND HARBOR MAINTENANCE TRUST FUNDS

*Question.* The administration’s budget proposes to change the use of both the Inland Waterway Trust Fund and the Harbor Maintenance Trust Fund. As the author of the Inland Waterway Trust Fund, I am concerned about the impact of the proposal to utilize these funds for Operation and Maintenance projects and to utilize the Harbor Maintenance Trust Fund, strictly an O&M account, for construction projects.

If the Congress was to enact these two trust fund changes, General Flowers, what is the effect?

General FLOWERS. The commercial interests that use the inland waterways system are paying a portion of the costs of capital improvements. However, the costs of operation and maintenance, which are substantial, have continued to be borne entirely by the general taxpayers.

The budget proposed to begin using some of the diesel fuel receipts to finance a portion of the inland waterways system’s operation and maintenance costs. The administration has recommended using \$146 million for this proposal in fiscal year 2004, which would cover about 38 percent of the estimated operation and maintenance costs. The remaining costs would continue to be financed through general tax revenues. Under the budget proposal, those who benefit commercially from past Federal investments in the inland waterways navigation system would pay a fair share of all of the system’s costs—for the construction and major rehabilitation of projects, as well as their operation and maintenance.

The budget includes a similar proposal for coastal ports and channels. Some users of certain U.S. ports now pay a tax in proportion to the value of their imports. Treasury deposits these receipts, along with tolls collected on the St. Lawrence Seaway, into the Harbor Maintenance Trust Fund. Until now, Congress has used this Fund to finance the cost of operating and maintaining these waterways. The budget proposes to expand it use to include the Federal costs of the Army Corps of Engineers work on coastal port and channel construction. The administration has recommended using \$205 million for this purpose in fiscal year 2004.

*Question.* Wouldn’t the two trust funds be essentially diluted if we expand their scope?

General FLOWERS. Under both proposals, those who benefit commercially from Federal investments in navigation would pay a fair share of all navigation system costs—for the construction and major rehabilitation of projects, as well as their operations and maintenance. Since the funds would still be used for navigation, we do not view the funds as being diluted.

*Question.* Can you tell this committee, if Congress enacted these proposals today, at the current rate of spending, when would the trust funds be insolvent?

General FLOWERS. At the current rate of collections and outlays, the Inland Waterway Trust Fund could run out of funds by the end of fiscal year 2006. Within this time frame, however, Congress and the administration should be able to reach agreement on the best way to allocate responsibility for future inland waterways operation and maintenance costs.

The Harbor Maintenance Trust Fund balance would continue to grow, but more slowly, so long as annual outlays remain about the same and the fund continues to receive harbor maintenance tax payments as projected.

*Question.* What decisions would we have to make if these two funds became insolvent?

General FLOWERS. The draw down of the fund will be affected by many variables, including economic conditions and funding decisions. At the current rate of collections and outlays, the Harbor Maintenance Trust Fund would continue to show positive balances for many years. The situation with the Inland Waterways Trust Fund is not as favorable; it could run out of funds by the end of fiscal year 2006. Within this time frame, however, Congress and the administration should be able to reach agreement on the best way to allocate responsibility for future inland waterways operation and maintenance costs.

#### POWER MARKETING ADMINISTRATIONS (PMA'S) DIRECT SPENDING PROPOSAL

*Question.* The administration has included for the second year, a proposal to allow for direct spending by the PMA's of Operations and Maintenance work. Bonneville already has this authority, and I believe we need to pursue all of our options, however, I think we need to gain a better understanding of the effect of this proposal.

How would the Corps budget be affected if we enacted this proposal?

Mr. BROWNLEE. Enactment of a direct funding authorization together with the completion of necessary inter-agency Memoranda of Agreements, would reduce the need to provide annual appropriations for hydropower operation and maintenance (O&M) activities. The power customers are willing to spend more on maintenance activities than Congress has appropriated in recent years. We would apply the extra funds to hydropower maintenance. This will improve the reliability of the power that we provide by reducing the incidence and duration of unscheduled equipment outages.

*Question.* What assurances do we have that the Corps would be credited those funds which would be directly funded? How do we know that the Corps gets the direct savings instead of those going to the General Fund of the Treasury?

Mr. BROWNLEE. If the administration's proposal were enacted, we would execute the Memoranda of Agreement and begin direct funding in fiscal year 2004.

*Question.* One important concern I have is that if this proposal were enacted, it appears that the costs for operations and maintenance would just be passed on to the ratepayer without any oversight, either by the administration or Congress. Is this true?

Mr. BROWNLEE. Under the administration's direct funding proposal, every year all work and costs associated with a given Federal hydropower facility would continue to be documented and submitted to the PMA's. In the case of Bonneville, projected system costs are submitted to the administration and identified in the President's budget. Additionally, Congress requires a 3-year progress report on the direct funding with Bonneville, which was completed and submitted in December 2002. Thus the administration and Congress both will continue to provide oversight of the use of funds.

Only costs associated with the production of electricity would be passed on to the rate payer under this proposal, consistent with the "beneficiary pays" principle. Costs for other project benefits such as navigation and flood control would continue to be covered with annual appropriations. For multipurpose projects, the joint costs allocated to hydropower would continue to be funded through annual appropriations.

Every year all work and costs associated with a given Federal hydropower facility must be documented and submitted to the PMA's. These costs are also submitted to the Federal Energy Regulatory Commission in evaluation of rates nationwide. The PMA's and the Corps use this information to develop 5-year work plans for projecting future costs. In the case of Bonneville, these projected system costs are submitted to the administration and identified in the President's budget. Additionally, Congress required a 3-year progress report on the direct funding with Bonneville, which was completed and submitted in December 2002.

*Question.* How has Bonneville done under this authority? What's the biggest complaint?

General FLOWERS. Through a strategy based on increased funding of Corps hydropower facilities in the northwest, the region has experienced a more stable power supply, additional generation of electricity, and increased revenues. Breakdowns have decreased from 5.5 percent to 2.7 percent over the past 3 years under direct funding authority.

*Question.* Can you tell us what benefits the Government and the Corps has gained with Bonneville having its own authority?

General FLOWERS. One of the key management tools in efficiently maintaining a hydropower facility is the ability to address maintenance before a problem becomes larger. Direct funding achieves this objective by providing a way to make additional funds available for maintenance. In addition, direct funding has provided the flexibility to fund critical maintenance as it is identified, rather than having to attempt to forecast priorities as part of the budget cycle. This regional system approach creates more reliable and improved system performance in a region that 70 percent of the power needs are provided by the hydropower system. Consequently, the closer partnership between Bonneville and the Corps has led to an overall Performance Measurement Management System—where system performance drives investment decisions.

#### ALAMOGORDO FLOOD CONTROL

*Question.* There have been questions raised about the level of flood protection afforded to the residents of Alamogordo by the Alamogordo flood protection project. In particular, there have been indications that the project will not allow citizens within the area to be protected by the project, to get out of the need to pay for FEMA flood insurance. Could you please update the Committee on the status of the Alamogordo project and the level of flood protection that will be provided to the citizens of the area?

General FLOWERS. The project consists of three diversion channels, South Channel, McKinley Channel, and North Channel. Construction of South Channel was initiated in late 2000. The project is designed to divert the 1 percent or 100-year flow from storms originating in the Sacramento Mountains safely through or around the City. Upon project completion, approximately 75 percent of currently flood-prone structures will be removed from the 100-year floodplain and will no longer be required to maintain flood insurance. Even with these improvements, some residual flooding will occur from storms occurring directly over the City. The local sponsor is currently considering the need for additional protection.

*Question.* When will this project be ready to proceed to construction and what is the estimated time for completion?

General FLOWERS. Phase I of the South Channel was initiated in December 2000 and completed in June 2002. Remaining phases of the South Channel will be initiated this spring, followed by McKinley Channel and North Channel. The schedule will depend upon the availability of funding and other factors. Subject to the usual qualifications on capability, we could complete the project by September 2009.

#### EMERGENCY SUPPLEMENTAL

*Question.* Are there any Civil Works requirements for the supplemental, either in terms of emergency or terrorism needs that the Congress needs to consider?

Mr. BROWNLEE. Sir, at this time we expect to be able to address the priority emergency and terrorism needs without supplemental funding.

*Question.* Within the fiscal year 2003 appropriation, are there sufficient funds to cover your terrorism related expenses?

Mr. BROWNLEE. Senator, the Fiscal Year 2003 President's Budget for facility protection required \$65 million, but the appropriation was \$35 million. This amount will be sufficient to pay for guards, provided that we do not enter a heightened alert status for an extended period.

*Question.* From an economic security standpoint, is there anything that would make sense for the Congress to include in the Supplemental on behalf of the Corps?

Mr. BROWNLEE. Sir at this time we do not expect to need supplemental funding.

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#### QUESTIONS SUBMITTED BY SENATOR HARRY REID

##### CIVIL WORKS CONTRIBUTION TO NATIONAL DEFENSE

*Question.* Please explain the contribution provided to this Nation's Defense by the Civil Works Program?

General FLOWERS. The contributions provided by the Corps' Civil Works program are substantial. The Civil Works Program is a valuable asset in support of the National Security Strategy in many ways. Foremost, we have a trained engineering workforce, with world-class expertise, capable of responding to a variety of situations across the spectrum of national defense. In fact, skills developed in managing Corps projects transfer to most tactical engineering-related operations.

The Civil Works mission complements and augments the Army's war fighting competencies providing established relationships with the Nation's engineering and construction industries—a force multiplier with “On the shelf” contracts available for emergencies. Civil Works members are deployable. During Operations Desert Shield/Desert Storm, more Civil Works employees volunteered for duty in Southwest Asia than were needed. To date, 250 civilian members of our Civil Works Program team have volunteered for deployment in support of Operation Enduring Freedom—providing engineering, construction, and real estate support specialists and professionals skilled in managing large, complex projects.

Civil Works also provides professionals with expertise in natural and cultural resources, water quality, flood plain management or toxic waste control, helping the Army comply with more than 70 Federal environmental statutes, and a breadth of experience and workload in dozens of specialized fields that would not otherwise be possible. Finally, Army Engineers experienced in Civil Works play a major role in infrastructure in developing nations. They help to improve economic conditions and strengthen democratic institutions in these nations and foster good will through contact between governments and armed forces.

#### CIVIL WORKS VALUE TO THE NATIONAL ECONOMY

*Question.* Could you please provide an explanation of the overall value that the Civil Works program makes to this Nation's economy?

General FLOWERS. The Corps Civil Works program supports our national economy through the provision of physical infrastructure features. These include navigation features that facilitate domestic and foreign commerce by means of waterborne transportation; flood control features that reduce the risk of flooding and the extent of flood damages incurred; and hydroelectric power generation features located at 75 Corps operated facilities.

#### ECONOMIC SECURITY REQUIREMENTS

*Question.* Does the administration intend to submit a supplemental appropriations bill covering unmet economic security requirements associated with the recently enacted Omnibus Bill or associated with the fiscal year 2004 budget?

Mr. BROWNLEE. At this time, we expect to be able to address the priority needs of the Civil Works program without supplemental funding.

#### NATIONAL WATER POLICY

*Question.* General Flowers, in your role as the Chief of Engineers, what do you see as the major water resource challenges facing this country in the future? Do you see value in an overall National Water Policy Debate occurring?

General FLOWERS. Sir, because the conflicting demands for water appear to be increasing across the country in major watersheds I see value in the debate. Last fall, the American Water Resources Association sponsored a seminar on the need to better coordinate water policy. Solutions to complex water problems will not be easy without collaboration of many government organizations at all levels, first and foremost at the State level.

#### PRECONSTRUCTION ENGINEERING AND DESIGN

*Question.* What was the decision process for funding only 19 Preconstruction Engineering and Design studies in the fiscal year 2004 budget? As Truckee Meadows is one that is going unfunded within my State, you can understand, I am very curious. Reno has suffered many devastating floods and is in desperate need of this flood protection project.

Mr. BROWNLEE. The reduction in the number of PED's is an important element of our budget proposal. It is not due to any limitation on planning or design funds. Rather, until the large backlog of ongoing construction projects is reduced we need to reduce the number of projects that we design and initiate. The Fiscal Year 2004 Budget includes five new reconnaissance studies and provides significant funding for priority ongoing planning, research and PED work. For the Preconstruction, Engineering and Design, we funded those projects that had strong benefit to cost ratios or high environmental outputs and that are near completion.

#### CIVIL WORKS BUDGET LESS THAN PREVIOUS YEARS APPROPRIATIONS

*Question.* We have noted that the President's proposed Fiscal Year 2004 Budget is nearly \$400,000,000 less than the fiscal year 2003 enacted Civil Works Program, what is the impact of such a drastic cut on the ongoing Program?

Mr. BROWNLEE. Senator, in fiscal year 2002, the Congress appropriated \$1,828,035,000, net of a reduction for savings and slippage, for specifically authorized projects included in the Construction, General account in the fiscal year 2002 budget. The amount in the President's fiscal year 2004 budget for specifically authorized projects funded in the Construction, General account is \$1,466,095,000, net of a reduction for savings and slippage. Increasing the budgeted amount for fiscal year 2004 by the difference of \$361,940,000 would enable the acceleration of a number of projects, enabling benefits of approximately \$1,500,000,000 to come on-line 1 year sooner. Cost savings would largely be attributable to differences in price levels.

*Question.* How do you plan to manage such a drastic cut?

General FLOWERS. At this time, we are continuing to execute the fiscal year 2003 program enacted by the Congress. The fiscal year 2004 budget was prepared before enactment of the fiscal year 2003 appropriations, so we will need to do some reprogrammings to address changes in the continuing requirements of some work. We will finalize our execution plans after enactment of fiscal year 2004 appropriations legislation.

*Question.* What level of funding would be necessary to maintain the progress realized in the Civil Works Program through the enacted appropriations levels for the past couple of years?

General FLOWERS. Sir, the level of funding needed to execute at a level commensurate with fiscal year 2003 appropriations, including an adjustment for inflation, would be about \$4.8 billion in fiscal year 2004. However, the fiscal year 2003 appropriations included funds for projects that are not included in the fiscal year 2004 budget.

#### ARMY RECOMMENDATION

*Question.* What was the Fiscal Year 2004 Program that the Department of the Army recommended? What rationale was provided as to why this program was not supported?

Mr. BROWNLEE. Senator, a number of alternative funding levels were developed, proposed and discussed. As you know, the advice and counsel leading up to the final decision that form the basis of the President's budget are part of the internal deliberative process. The Army's requests were fully considered during the budget process.

*Question.* What level of funding would be necessary to sustain the progress developed in fiscal year 2003 in meeting the Nation's water infrastructure needs?

Mr. BROWNLEE. Sir, the level of funding needed to execute at a level commensurate with fiscal year 2003 appropriations, including an adjustment for inflation, would be about \$4.8 billion in fiscal year 2004. However, the fiscal year 2003 appropriations included funds for projects that are not included in the fiscal year 2004 budget.

*Question.* If the administration's budget proposal is enacted, what will be the impact on meeting the Army Corps' O&M backlog? The construction backlog?

General FLOWERS. Our latest estimate of the construction backlog of ongoing budgeted construction work is \$21 billion. I should note that this figure does not include the construction costs of projects in preconstruction, engineering and design or that are not budgeted. The fiscal year 2004 budget applies nearly \$1.3 billion to construction of specifically authorized projects, as part of the administration's comprehensive strategy to reduce the backlog over time.

We now refer to our operation and maintenance work that cannot be deferred without added cost or a loss in performance as high priority work. With the Fiscal Year 2004 President's Budget of \$1.939 billion for the Corps Operation and Maintenance, General program there would be a backlog of an estimated \$1.011 billion in high-priority operation and maintenance work.

#### RELATIONSHIP TO NATIONAL DEFENSE

*Question.* What is the relationship of the Corps' Civil Works Program to the defense of our homeland?

General FLOWERS. The Civil Works Program is a valuable asset in support of the National Security Strategy in many ways. Foremost, we have a trained engineering workforce, with world-class expertise, capable of responding to a variety of situations across the spectrum of national defense. In fact, skills developed in managing Corps projects transfer to most tactical engineering-related operations. The Civil Works mission complements and augments the Army's war fighting competencies providing established relationships with the Nation's engineering and construction industries—a force multiplier with “On the shelf” contracts available for emergencies. Civil Works members are deployable. During Operations Desert Shield/

Desert Storm, more Civil Works employees volunteered for duty in Southwest Asia than were needed.

To date, 250 civilian members of our Civil Works Program team have volunteered for deployment in support of Operation Enduring Freedom—providing engineering, construction, and real estate support specialists and professional skilled in managing large, complex projects, transferable to most tactical engineering-related operations. Civil Works also provides professionals with expertise in natural and cultural resources, water quality, flood plain management or toxic waste control, helping the Army comply with more than 70 Federal environmental statutes, and a breadth of experience and workload in dozens of specialized fields that would not otherwise be possible.

Finally, Army Engineers experienced in Civil Works play a major role in infrastructure in developing nations. They help to improve economic conditions and strengthen democratic institutions in these nations and foster good will through contact between governments and armed forces.

#### TERRORIST THREAT

*Question.* How would you characterize the threat from terrorism to this country's vital Civil Works Projects?

General FLOWERS. The vulnerability of water resources infrastructure facilities to potential acts of sabotage has always been a concern throughout history. All of our projects have some measure of protection in place based on traditional risk assessments and would be happy to personally discuss these threats further with you.

*Question.* Could you provide an example of the kind of risk that you are talking about?

General FLOWERS. Again, I would be happy to personally discuss these threats with you.

#### MINIMIZING VULNERABILITY TO TERRORIST THREAT

*Question.* What efforts are you undertaking to minimize this risk?

General FLOWERS. Since the events of September 11, 2001, we have increased and modified our security posture at our facilities in response the changing threat levels. We performed an initial screening of over 600 dams and other facilities and determined that approximately 350 projects could be considered to have high consequences in the event of a terrorist attack. Consequences were based on the potential for loss of life and/or impacts to the facility purpose including navigation, flood control, hydropower, and ecological outputs. The list was further refined to the 306 facilities that we believe warrant security upgrades and detailed assessments and review has been completed on all of these. Vulnerability assessments produce a recommended system of improvements targeted to reduce the risk associated with potential threats to the facility. Elements of the proposed systems can include cameras, lighting, fencing, structure hardening, and access control devices designed to improve detection and delay at each facility.

One hundred four million dollars of the Operation and Maintenance funds provided in this budget are targeted for facility security. We will direct funding to those priority projects at which there is potential for loss of lives downstream or economic consequences of greater than \$200 million and will continue security improvements at our administrative facilities.

*Question.* Does the President's proposed budget provide adequate resources to address this risk?

General FLOWERS. Sir, we are funding the highest priority need first. Based on current assessments, we are comfortable with our funding path.

*Question.* What funds would you need to adequately address the risk to our Civil Works Projects?

General FLOWERS. Sir, we are funding the highest priority need first. Based on current assessments, we are comfortable with our funding path.

#### COMMODITY FLOW THROUGH CORPS BUILT HARBORS

*Question.* What is the percentage of the Nation's commerce that come into or leave this country that goes through a Corps-built and -maintained harbor?

General FLOWERS. Over 95 percent of the commodities that leave or enter this country by ship moves through our Nation's coastal and Great Lakes harbors, virtually all of which is in Federal channels maintained by the Corps.



## HISTORIC SPENDING FOR INFRASTRUCTURE MAINTENANCE

*Question.* Could you characterize the proportion of the discretionary budget of the Federal Government that is directed toward building and maintaining this country's water infrastructure today to say 30 years ago?

General FLOWERS. According to information published in the fiscal year 2004 "Historical Tables of the Budget of the United States Government", in fiscal year 1974, Federal Government outlays in support of the "water resources" subfunction within the "Natural Resources and Environment" function totaled \$2.200 billion or 1.6 percent of discretionary outlays totaling \$138.2 billion.

In the proposed fiscal year 2004 budget, Federal Government outlays in support of the "water resources" subfunction within the "Natural Resources and Environment" function are estimated to be \$5.062 billion or 0.6 percent of discretionary outlays totaling \$818.8 billion.

With respect to the Army Corps of Engineers Civil Works program, in fiscal year 1974, the Corps' outlays were \$1.664 billion, or 1.2 percent of total Federal discretionary outlays. In the proposed fiscal year 2004 budget, the Corps' outlays are estimated to be \$4.117 billion, or 0.5 percent of total Federal discretionary outlays.

## DETERIORATING INFRASTRUCTURE—ECONOMIC IMPACTS

*Question.* Could you provide some examples of this deteriorating infrastructure could have to this Nation's economic and National security?

General FLOWERS. Our inland waterways handle more than 15 percent of the Nation's intercity freight traffic, including 20 percent of the coal for power plants, petroleum products such as gasoline and diesel fuel, strategic chemicals and minerals, and more than half of our export grain. Generally, as this waterway infrastructure has aged, backlog of maintenance and repair needs has grown. While many inland waterway segments are heavily used, other service relatively low volumes of traffic. The budget gives priority to the maintenance of segments that carry a higher volume of traffic due to the economic impacts that a breakdown could have.

*Question.* Could you provide a historical perspective on the value of the Nation's inland waterways for Nation security and economic security?

General FLOWERS. Many military and industrial facilities were located on our inland waterways during World War II for added security. Ships and submarines were built and launched from our inland waterways. Over time, our inland waterways have been used to move strategic and oversized equipment, such as nuclear generators and rocket components, as well as military vehicles and equipment.

## ENVIRONMENTAL PROJECTS

*Question.* What percentage of the Fiscal Year 2004 Budget is associated with environmental projects?

General FLOWERS. Sir, nearly 19 percent of the fiscal year 2004 budget is classified as environmental, including the Regulatory Program and Formerly Used Remedial Action Plan (FUSRAP) Program.

## QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

## WEST VIRGINIA FLOOD RECOVERY

*Question.* What is the status of the flood-recovery work for which the Corps was authorized to conduct at a level of \$8 million in the Fiscal Year 2001 Supplemental Appropriations bill for the July 2001 floods in West Virginia?

General FLOWERS. All work is complete. The Huntington District Corps of Engineers accomplished three primary missions. These missions included repair of public infrastructure, repair and restoration of flood-damaged facilities at Corps' projects, and flood documentation. Flood recovery efforts were accomplished in close coordination with the Federal Emergency Management Agency, the Natural Resources Conservation Service, the West Virginia Conservation Agency, and other Federal and State disaster coordinators.

Approximately \$5.1 million was used to assist affected counties with infrastructure repair. Thirty-one emergency streambank protection projects were constructed along West Virginia State Routes 1, 3, 16, 24, 35, 54, and 97 in Boone, Wyoming, McDowell, Raleigh, Mercer, and Fayette Counties.

Approximately \$2 million was used to repair and restore existing facilities at several Corps projects that incurred damage during the July 2001 event. At the R.D. Bailey project, \$1,777,000 was utilized for flood debris cleanup and to relocate facilities out of the flood plain. At Summersville Lake, \$80,000 was utilized to remove

drift and debris accumulations. On the Kanawha River, \$143,000 was utilized for removal of flood-related silt material following the flooding.

Approximately \$900,000 was utilized for flood documentation. This included flood damage surveys of residential, commercial, and public structures. Surveys of damages to highways and utilities were also conducted. High water marks were established and data was collected and analyzed for stream profiles and cross-sections. Public workshops were conducted to confirm structure damage and obtain flood experiences and feedback for future use in the development of potential solutions to the flooding problem.

*Question.* What is the status of the flood-recovery work for which the Corps was authorized to conduct at a level of \$10 million in the Fiscal Year 2002 Supplemental Appropriations Bill for the May 2002 floods in Southern West Virginia, Eastern Kentucky, and Southwestern Virginia?

General FLOWERS. Work is currently ongoing. The primary mission of the Huntington District Corps of Engineers is to repair public infrastructure and provide flood documentation. This mission is being done in coordination with Federal, State and local emergency management organizations.

Approximately \$9,500,000 will be used to assist affected counties with infrastructure repair in West Virginia, Kentucky and Virginia. Of this, approximately \$6,000,000 will be used in West Virginia for emergency road embankment repairs along U.S. Route 52, WV State Routes 16, 80 and 83, and County Routes 1, 3, 7/8, 7/28, 17, and 32/55. Approximately \$1,750,000 will be used in Kentucky for emergency road embankment repairs along Kentucky State Routes 195 and 1441, and approximately \$1,750,000 will be used in Virginia for emergency road embankment repairs along Virginia State Routes 67 and 83.

Approximately \$500,000 will be utilized for flood documentation. This will include flood damage surveys of residential, commercial, and public structures. High water marks have been established and will be used to determine approximate flood frequency levels.

#### MARMET LOCKS REPLACEMENT

*Question.* Which lock in the United States is most heavily used?

General FLOWERS. Marmet is the most heavily used lock in terms of commercial lockage cycles. In 2002, Marmet processed over 15,000 commercial lockages.

*Question.* Is the Marmet Lock replacement important to maintaining and increasing the efficient flow of commerce along the Kanawha and Ohio Rivers? How many tons of cargo, and what type of cargo, were shipped through the locks in 2002? Does the project have a strong benefit/cost ratio?

General FLOWERS. The Marmet lock replacement is important to maintain and increase the flow of commerce. The locks move millions of tons of cargo to and from West Virginia. Improvements at Marmet would reduce the average transit time from 4.7 hours to 0.8 hours, a reduction in lock transit time of 3.9 hours. At 2002 traffic levels, the new lock would yield almost 14.8 thousand hours of reduced trip time for the 3,793 tows that used the project.

In 2002, nearly 13.5 million tons of cargo were shipped through Marmet. Coal accounted for 93 percent of all tonnage, or 12.6 million tons. Other commodities were petroleum, crude materials, chemicals, and manufactured machinery and goods.

The project has a total benefit to cost ration of 2.5 to 1 and a remaining benefit to cost ratio of 4.2 to 1.

*Question.* The Marmet Locks and Dam are nearly 70 years old. Are the locks deteriorating? If so, what impact does this have on transportation and the safety of those working at the locks, in the barge industry, and on area residents?

General FLOWERS. The Marmet locks and dam were placed in service in 1934. The locks have experienced significant deterioration over the nearly 70 years of operation. The small chambers at Marmet require up to five lockage cycles of the operating gates and valves to process a typical Kanawha River tow. This intense level of usage has resulted in accelerated deterioration in recent years. Concrete and embedded steel at critical miter gate areas have failed, causing additional delays for repairs and operational procedure changes to insure lockage safety. The upstream guard wall was built on wooden cribbing which has failed. The guard wall has moved horizontally 6", and has dropped vertically more than 12". The potential for collapse of this guard wall is high, and significant economic impact would result if lock access were blocked. Further, to assure both lock and tow personnel safety, no one is allowed on the upper guard wall while tows are approaching the lock and landing on the guard wall. Although there are no safety issues with area residents, locking procedures have been modified and restrictions placed on commercial tows to minimize the risk of collapse of the guard wall.

*Question.* When are the lock chambers projected to reach maximum capacity? What is the impact of reaching maximum capacity? Is there potential for the same type of delays, which averaged 32 hours per transit, and number of accidents which were prevalent at the former Gallipolis Locks and Dam on the Ohio River prior to the replacement of the locks and the rehabilitation of the dam?

General FLOWERS. The existing lock chambers (with a capacity of 20 million tons annually) are projected to reach maximum capacity in 2005, with average delays of approximately 47 hours per tow. High delays are expected as the capacity limit is approached. While the chambers at Gallipolis required double cutting of typical Ohio River tows, the undersized chambers at Marmet require five cuts to process the typical Kanawha River tow. Average transit time at Marmet could exceed the time experienced at Gallipolis prior to the replacement of its locks.

The old Gallipolis locks were a safety hazard due to a dangerous upstream curve on the lock approach, when coupled with high water conditions. That condition does not exist at Marmet.

*Question.* What improvements will be realized with a completed new lock at Marmet?

General FLOWERS. The Marmet lock replacement includes construction of a new 110' wide  $\times$  800' long lock chamber landward of the existing 56' wide  $\times$  360' chambers. This lock is sized to process a Kanawha River tow consisting of nine jumbo barges in a single lockage cycle, reducing the average transit time to 0.8 hours. A new guard wall will provide improved approach conditions for the new lock and continue to provide protection to the navigation dam. The new lock will feature programmable logic control to permit safe efficient operation of the lock from a single central location.

Once the Marmet project is completed, the aging Kanawha River locks will have been completely modernized. New locks at Winfield and Marmet, and an extended lock chamber at London, will provide industry an efficient, effective transportation system.

*Question.* Has the Corps completed real estate acquisition in Belle? How many properties have been acquired?

General FLOWERS. The Marmet locks replacement project required acquisition of 216 tracts of real estate. The real estate acquisition phase was completed in 2002.

*Question.* What is the President's Fiscal Year 2004 Budget request for the Marmet project? What will this amount allow the Corps to accomplish?

General FLOWERS. The fiscal year 2004 budget request for Marmet is \$52.154 million. These funds would be used to continue construction of the new lock, and continue environmental mitigation and cultural mitigation.

*Question.* What is the full capability for Marmet? What additional work will this amount allow the Corps to accomplish?

General FLOWERS. The maximum capability estimate for a study or project reflects the readiness of work for accomplishment. It is the most that the Army Corps of Engineers could obligate efficiently during the fiscal year for that study or project. Because each estimate is made without reference to the rest of the Army Civil Works program, these estimates are not cumulative. Civil Works studies and projects compete for funding and manpower. The President's fiscal year 2004 budget for the Army Civil Works program proposes funding levels that reflect this administration's assessment of nation priorities in view of the many potential uses of Federal funds. Consequently, while the Corps could obligate additional funds on some studies and projects, offsetting reductions within the Army Civil Works program would be required to maintain overall budgetary objectives. Furthermore, the budget allocates the funding available to the Army Civil Works Program in a manner that would enable the Corps to use funds effectively. The fiscal year 2004 capability for Marmet is \$69.2 million. These funds would allow lock construction to proceed at an efficient rate in fiscal year 2004.

#### LONDON LOCKS REHABILITATION

*Question.* What is the benefit/cost ratio of the London Locks Rehabilitation project?

General FLOWERS. The total benefit/cost ratio of the London locks rehabilitation project is currently 21.1 to 1.

*Question.* Now that all of the necessary funding for the rehabilitation project has been secured, what is the current status of the project and what is the anticipated completion timeframe?

General FLOWERS. Construction to replace the upper guard wall and extend the size of the lock chamber from 360' to 407' was initiated in March 2002. The contract is 85 percent complete, and will be completed in the summer 2003.

*Question.* By what percentage will lock capacity increase once the rehabilitation is completed? What other benefits will be derived?

General FLOWERS. Once rehabilitation is complete, the riverward lock capacity will increase by 21 percent. The chamber will better serve modern tows by accommodating two jumbo barges in a single lockage cycle, instead of one. Jumbo barges are the navigation industry's preferred mode of shipment on the Kanawha River. Delays and queuing time will be substantially lessened, an important benefit since traffic demand at London is expected to grow. The other important benefit of project rehabilitation is the ability to provide a safe and reliable level of service. This will be achieved once replacement of the upper guard wall is complete. The wall had failed structurally.

#### BLUESTONE DAM SAFETY PROJECT

*Question.* What risks are currently posed by the Bluestone Dam to the communities, businesses, and the environment below the dam?

General FLOWERS. Under current design criteria, the probable maximum flood (PMF) is estimated to overtop the existing dam by 8'. Dam failure would cause catastrophic flooding along the New, Greenbrier, Gauley, Kanawha, and Elk Rivers, including the metropolitan area and heavily industrialized capital city of Charleston, West Virginia. This would place more than 115,000 persons at risk, with property damages in excess of \$6.5 billion.

*Question.* What level of flooding would cause the dam to fail catastrophically? How likely is it that such a level of flooding might occur? What is the likelihood that the dam will fail in the next 50 years? In the next 100?

General FLOWERS. The dam would be in danger of failing if pool levels approaching the top of the existing dam were to occur. This flood level, known as the 500-year flood event, has a 0.2 percent chance of occurring in any year, a 10 percent chance of occurring at least once in the next 50 years, and an 18 percent chance of occurring at least once in the next 100 years.

*Question.* What is the current status of work completed on the dam safety project with available funds?

General FLOWERS. The first phase of construction is underway. Phase 1 includes installation of a thrust block to partially stabilize the dam and extension of the six penstocks which will be used to improve discharge capacity if an event approaching the magnitude of the PMF event were to occur. In fiscal year 2003, installation of the penstock extensions will be completed, and work will continue on placing the mass concrete thrust blocks. Plans and specifications will be initiated for phases 2A and 2B. Phase 2A includes the Route 20 gate opening, stilling basin training walls, east abutment monolith, fishing pier, and other miscellaneous work. Phase 2B includes the 8' pre-cast concrete parapet wall added to the top of the dam to accommodate the PMF event and anchors which will further stabilize the dam.

*Question.* Are there additional Corps capabilities for this project above those identified in the President's Fiscal Year 2004 Budget?

General FLOWERS. Subject to the prior stated qualifications on capabilities, the Corps has an additional capability of \$1.7 million above the President's Budget request of \$2.6 million, for a total of \$4.3 million. The added funds could be used to initiate Phase 2A construction.

*Question.* Contingent on adequate funding being provided, this project is not scheduled for completion until September 2008. In the meantime, what additional measures can be taken to minimize the risks to the public and to ensure that this project remains on track and a high priority?

General FLOWERS. With maximum level funding that the Corps could obligate efficiently, the project could be completed in September 2009. An additional year is needed beyond our previous estimates in order to accomplish additional model studies which will influence the design for anchors in the stilling basin for the second phase of construction.

No temporary structural measures are feasible. The Huntington District maintains a close vigil of any significant storm event that could potentially move into or through the Bluestone Lake drainage basin, and provides forecasts as early as possible in order to determine if and when a hazardous pool level could occur. The Water Control Plan provides for special operational techniques during major floods to minimize risks to the public. In the event a forecast indicates possible flow through the spillway, the Dam Safety Officer would be briefed immediately, as well as other key personnel. Continuous monitoring and updating of forecasts would occur and every effort made to control the event. If spillway flow becomes imminent, the District Engineer/Dam Safety Officer would decide if downstream evacuation

was warranted, and appropriate emergency organizations and law enforcement agencies would be notified in order to minimize risk to the public.

*Question.* What extra efforts is the Corps making to minimize the impact of the project construction on the citizens of Hinton?

General FLOWERS. The Corps has undertaken several extra efforts in order to minimize the impacts of project construction on the citizens of Hinton. The Corps continue to work with a committee of local residents appointed by the mayor to develop solutions to their concerns about traffic, safety, and noise. In order to divert traffic away from the Bellpoint community, a temporary 1,360' Bailey-type bridge was built over the stilling basin to accommodate all construction traffic during both phases of construction. The contractor uses the bridge for all construction traffic including employee access and all construction deliveries.

The committee and mayor are involved in Corps bi-monthly project team meetings and quarterly partnering meetings with the contractor. A web site has been created to keep town residents aware and informed of the current status of the project, and serves as a way to provide feedback and opinions. The web address is [www.lrh.usace.army.mil/pa/HotTopics/bluestone.htm](http://www.lrh.usace.army.mil/pa/HotTopics/bluestone.htm). The project's Resident Engineer prepares a monthly update for the area newspaper to inform residents about project status. This information is well received and appreciated by the community.

#### GREENBRIER RIVER BASIN FLOOD CONTROL

*Question.* What is the status of the City of Marlinton's effort to identify a local cost share partner?

General FLOWERS. We are currently coordinating with the State of West Virginia, the City of Marlinton, and the affected State legislators to identify the appropriate non-Federal sponsor.

*Question.* Are there any Federal competitive grants that can be used as the local match for the construction of Corps local flood control projects, such as the Community Development Block Grant program under the U.S. Department of Housing and Urban Development?

General FLOWERS. Other Federal agency funds, such as those you mentioned, can be used to cost share in Corps projects, if the granting agency certifies in writing that the use of those funds for that purpose is authorized.

*Question.* What type of in-kind contributions can the City of Marlinton offer to the Corps to help defray costs associated with the local match?

General FLOWERS. The town would receive credit for in-kind contributions, such as value of lands, easements, rights-of-way, relocations, and suitable borrow and dredged or excavated material disposal areas.

*Question.* What activities are currently being conducted on the Marlinton local protection plan?

General FLOWERS. Current activity is limited to coordination efforts with non-Federal interests to develop a project financing plan and secure the local cost sharing match.

*Question.* What capabilities does the Corps anticipate for fiscal year 2004 for the Marlinton local protection plan?

General FLOWERS. Subject to the previously mentioned qualifications on capability, the maximum fiscal year 2004 capability is \$2.5 million. If provided, these funds could be used to continue detailed design, complete plans and specifications for the first construction phase, and prepare and execute a Project Cooperation Agreement. It is possible that limited construction could possibly begin late in fiscal year 2004.

#### WEST VIRGINIA TUG FORK FLOOD PROTECTION PROJECTS

*Question.* The President's request includes \$15 million for the multi-State Levisa and Tug Fork projects for fiscal year 2004; however, none of these funds are slated for projects in West Virginia. Why are no monies budgeted for the West Virginia Tug Fork projects?

General FLOWERS. There is no budgeted West Virginia project in the Tug Fork program because economic analysis indicates that the costs exceed the benefits.

*Question.* It was projected that the Corps would be closing out the Lower Mingo, Upper Mingo, and Wayne County components of the project by the end of fiscal year 2003. Will this goal be met? Please provide me with a chart noting the number of eligible participants and the Federal and local dollars spent for each region, including other improvements that were made to the authorized areas such as new schools, community structures, etc.

General FLOWERS. The three project components are nearly complete. The majority of floodproofing and acquisition efforts will be completed by the end of fiscal year

2003. The only remaining item is completion of the Lower and Upper Mingo water and sewer service that will connect flood proofed homes to the county-administered public system which is being developed. However, the sewer/water contract has not yet been awarded. Funding has been appropriated for the Federal share on the contract. Final project closeout should occur in fiscal year 2004. No further appropriations are necessary for the Lower Mingo, Upper Mingo, and Wayne County elements of the project.

The following chart identifies the number of eligible participants and the Federal and non-Federal dollars spent to date for Lower Mingo, Upper Mingo, and Wayne Counties.

[Dollars in millions]

	Eligible participants	Project cost		
		Total	Federal	Non-Fed
Lower Mingo County .....	585	\$46.1	\$43.8	\$2.3
Upper Mingo County .....	270	13.5	12.8	0.7
Wayne County .....	115	6.6	6.3	0.3

Other significant project improvements are the new East Kermit Elementary School and the new Kermit Town Hall and Fire Station. In addition, all floodproofed structures in each of these three program areas will be connected to a State-approved water and sewer system.

*Question.* What activities will remain to be completed beyond fiscal year 2003 in McDowell County and what is the cost of the remaining effort? What capability does the Corps have in McDowell County in fiscal year 2004?

General FLOWERS. Remaining activities include voluntary acquisition, floodproofing, and the design and construction of relocated schools, town halls, and fire stations. Assuming a 100 percent participation rate in this voluntary non-structural project, the remaining cost is \$162.3 million. Subject to the previously mentioned qualifications on providing capability amounts, the capability for fiscal year 2004 is \$8.0 million.

#### LOWER MUD RIVER

*Question.* What is the status of the revaluation report being conducted by the Corps and the options that are being examined?

General FLOWERS. The draft report/Supplemental Environmental Impact Statement is scheduled for completion in March 2003.

A total of eight alternatives have been considered. One is the channel alternative proposed by the NRCS, which consists of approximately 2.8 miles of channel modifications, including stream widening and overflow cuts, along the Mud River. A second plan would divert flood waters approximately 2 miles around the Milton area. The remaining six plans are levees, with varying levels of protection.

*Question.* What are the construction costs associated with each option and the anticipated maintenance costs that will be the responsibility of the local sponsor?

General FLOWERS. Based upon current estimates, the first levee plan (low-level protection) will cost an estimated \$30 million, with a \$13,000 annual O&M cost. The second levee plan (high-level protection) is estimated to cost \$40 million, with a \$30,000 annual O&M cost. These costs are subject to change during final design reviews and preparation of the final report.

*Question.* Has the local sponsor indicated an ability to cover the maintenance costs of the options being considered?

General FLOWERS. The City of Milton and the West Virginia Conservation Agency have indicated that the O&M costs for both levee plans would be affordable.

*Question.* What activities will remain to be completed beyond fiscal year 2003 for the Lower Mud River project and what is the cost of the remaining effort? What is the Corps capability for this project in fiscal year 2004?

General FLOWERS. Remaining efforts include completion of detailed design, completion of plans and specifications, execution of the construction Project Cooperation Agreement, and construction of the project. The Federal cost of the remaining effort is contingent upon the alternative recommended in the reevaluation report. Subject to the previously mentioned qualifications on capability, the maximum fiscal year 2004 capability is \$1.5 million. We could use these funds to continue activities, including completing detailed design and initiating plans and specifications.

## LITTLE KANAWHA RIVER FEASIBILITY STUDY

*Question.* What is the status of the feasibility study for the Little Kanawha River, for which \$100,000 was provided in fiscal year 2003?

General FLOWERS. The Corps is meeting with potential sponsors for projects that were identified in the reconnaissance report. If a sponsor is identified, a feasibility study cost sharing agreement would be executed and the study initiated.

*Question.* Does the Corps have additional capabilities for this endeavor in fiscal year 2004?

General FLOWERS. There are no additional fiscal year 2004 capabilities beyond the President's Budget request of \$65,000 for this study.

## OPERATIONS AND MAINTENANCE

*Question.* What are the budgeted amounts for Operations and Maintenance (O&M) for the Kanawha River Locks and Dam, Summersville Lake, and R.D. Bailey Lake?

General FLOWERS. The President's Budget for fiscal year 2004 contains the following requests: for Kanawha River Locks and Dam, \$7,655,000; for Summersville Lake, \$1,469,000; and for R.D. Bailey Lake \$1,457,000.

*Question.* What are the full capabilities for each of the above, and what additional O&M could be performed if full capability was achieved?

General FLOWERS. Subject to the previously mentioned qualifications on capability, the maximum capability for the Kanawha River Locks and Dam is \$19,666,000. Additional work to be performed if the maximum capability were appropriated includes the following: repair concrete dam piers at Marmet and London; replace rail and structural members of dam bulkhead cranes at Marmet and London; modify lower guide and guard wall ladders at London, Marmet, and auxiliary chamber at Winfield; rehab lower miter gates in auxiliary chamber at Winfield; install a tow haulage unit at London; repair concrete in the riverward lock chamber at London; and construct facility security at Winfield, Marmet, and London.

Subject to the previously mentioned qualifications on capability, the maximum capability for Summersville Lake is \$2,969,000. If the maximum capability were appropriated, additional funds would be used to construct several project features at the Battle Run area. They would be used to replace two restrooms, construct a campground entrance station and host campsites, install courtesy docks at two boat launch ramps, install a new sewage dump station, replace two lift stations, and renovate playground with ADA-compliant equipment.

Subject to the previously mentioned qualifications on capability, the maximum capability for R.D. Bailey Lake is \$1,607,000. If the full capability were appropriated, additional funds would be used to construct a permanent trash boom and drift and debris staging area.

## ROBERT C. BYRD LOCKS AND DAM

*Question.* Please provide an estimate of the increased capability and the reduction in navigation delays since operation of the new locks commenced in January 1993. Please also include an estimate of the navigation savings during this same time.

General FLOWERS. With the new R.C. Byrd locks, typical 15 barge tows can now be processed in one operation instead of two, reducing tow processing time from an average of about 16 hours to 1.6 hours. The capacity of the older, smaller Gallipolis locks was estimated to be 63.3 million tons, while the new R.C. Byrd locks have a capacity of 148.5 million tons.

In the first year of operation, traffic at R.C. Byrd locks increased by close to 15 percent. This occurred as it became cost advantageous for upper Ohio utilities to source more coal from below the Kanawha River since the project was no longer a constraint. Since the new R.C. Byrd locks opened in 1993, annual traffic has grown from almost 45.0 million tons to around 58 million tons. Current traffic levels are around 55 million tons.

In the first 10 years of operation, the new R.C. Byrd locks have realized total transportation savings of an estimated \$302 million. The total project cost is \$381 million, with an incremental cost over the without-project condition of \$264 million. Using the current fiscal year 2003 Federal Discount Rate of 5⅞ percent, R.C. Byrd Locks and Dam project is expected to pay for itself by the end of calendar year 2003 in reduced transit times.

## WINFIELD LOCKS AND DAM, WEST VIRGINIA

*Question.* Please provide an estimate of the increased capability and the reduction in navigation delays since operation of the new additional lock commenced in No-

vember 1997. Please also include an estimate of the navigation savings during this same time.

General FLOWERS. The capacity of the old Winfield project was estimated at 24 million tons. The capacity of the new lock at Winfield is estimated at 69.5 million tons. Instead of the typical five-barge tow being processed in five lockage cuts, a process taking approximately 3 hours, the new lock can process nine-barge tows in a single lockage cut taking approximately 1 hour. Total commercial lockage cuts have reduced from over 22,000 to 3,000 annually.

The longer processing times at the old project also created congestion generating average delays ranging from 3 to 12 hours per tow between 1987 and 1997. Delays are currently around 30 minutes. Since the new lock opened, transit times through Winfield have been reduced by approximately 4.5 to 13.5 hours per tow. With 5 years of operation, the new Winfield lock has realized an estimated \$65.8 million in total transportation savings from this reduced transit time. This cumulative savings represent 22 percent of the incremental cost of the new lock. The total cost of the project was \$235.9 million. Discounting future expected savings at the fiscal year 2003 Federal Discount rate of 5½ percent and using the Feasibility Report's traffic forecasts, Winfield lock will pay for itself by the year 2018.

PROPOSAL TO USE INLAND WATERWAYS TRUST FUND FOR OPERATIONS AND  
MAINTENANCE OF CORPS INLAND WATERWAYS INFRASTRUCTURE

*Question.* Does this proposal violate the agreements underlying the Water Resources Development Act of 1986, which affirmed continued Federal responsibility for inland waterways operations and maintenance (O&M) in return for waterways users assuming the obligation for financing 50 percent of future construction and major rehabilitation costs?

Mr. BROWNLEE. The commercial interests that use the inland waterways system are paying a portion of the costs of capital improvements. However, the costs of operation and maintenance, which are substantial, have continued to be borne entirely by the general taxpayers.

The budget proposed to begin using some of the diesel fuel receipts to finance a portion of the inland waterways system's operation and maintenance costs. The administration has recommended using \$146 million for this proposal in fiscal year 2004, which would cover about 38 percent of the estimated operation and maintenance costs. The remaining costs would continue to be financed through general tax revenues. Under the budget proposal, those who benefit commercially from past Federal investments in the inland waterways navigation system would pay a fair share of all of the system's costs—for the construction and major rehabilitation of projects, as well as their operation and maintenance.

*Question.* Given the \$23 billion backlog in construction and \$1 billion backlog in O&M, is it possible that the double draw on the Inland Waterway Trust Fund would deplete the fund in 3 years? If so, how would future revenues for construction and O&M be generated? By increasing the current 20 cents per gallon fuel tax on waterway users? Would this, in turn, lead to a substantial increase in the transportation costs of energy (namely coal) and agricultural products?

Mr. BROWNLEE. We have not proposed to change the way that Congress finances the construction and major rehabilitation of inland waterways projects. In fact, the budget includes a \$3 million increase in spending for such work, compared to the enacted fiscal year 2003 level.

At the current rate of collections and outlays, the Inland Waterway Trust Fund could run out of funds by the end of fiscal year 2006. Within this time frame, however, Congress and the administration should be able to reach agreement on the best way to allocate responsibility for future inland waterways operation and maintenance costs.

*Question.* The unspent balance in the Trust Fund and projected fuel tax revenues for the foreseeable future are already committed to the construction or major rehabilitation of congressionally approved projects, such as the Marmet Lock replacement project. If the administration's proposal goes forth, how can the administration provide assurances that progress on these important construction projects will not be jeopardized?

Mr. BROWNLEE. The administration would work with the Congress to focus funding on the project that will most benefit the Nation.

*Question.* With inland waterways providing multiple benefits such as flood control, water supply, hydropower, transportation, and recreation, why should the transportation users be the only beneficiaries to pay for operation and maintenance?

Mr. BROWNLEE. Transportation users would contribute only to the costs allocated to inland waterway navigation. Costs allocated to other purposes would continue to



be financed in the manner appropriate to those purposes. Generally, non-Federal sponsors pay for water supply O&M costs, Federal Power Marketing Administrations would pay directly for hydropower O&M costs (under a separate administration's proposal), flood control O&M costs are paid from general revenues and the financing of recreation costs varies among recreation areas.

#### HOMELAND SECURITY

*Question.* Many do not view the Corps' Civil Works Program as an important part of national defense. What is the role of the Corps in the security of our Nation?

General FLOWERS. The Civil Works Program is a valuable asset in support of the National Security Strategy in many ways. Foremost, we have a trained engineering workforce, with world-class expertise, capable of responding to a variety of situations across the spectrum of security threats. In fact, skills developed in managing Corps projects transfer to most tactical engineering-related operations. The Civil Works mission complements and augments the Army's war fighting competencies providing established relationships with the Nation's engineering and construction industries—a force multiplier with “On the shelf” contracts available for emergencies. Civil Works members are deployable. During Operations Desert Shield/Desert Storm, more Civil Works employees volunteered for duty in Southwest Asia than were needed. To date, 250 civilian members of our Civil Works Program team have volunteered for deployment in support of Operation Enduring Freedom—providing engineering, construction, and real estate support specialists and professionals skilled in managing large, complex projects, transferable to most tactical engineering-related operations. Civil Works also provides professionals with expertise in natural and cultural resources, water quality, flood plain management or toxic waste control, helping the Army comply with more than 70 Federal environmental statutes, and a breadth of experience and workload in dozens of specialized fields that would not otherwise be possible. Finally, Army Engineers experienced in Civil Works play a major role in infrastructure in developing nations. They help to improve economic conditions and strengthen democratic institutions in these nations and foster good will through contact between governments and armed forces.

*Question.* What is the scope of Corps assets that are considered highly vulnerable to future terrorist attacks?

General FLOWERS. At the present time the U.S. Army Corps of Engineers has identified 306 facilities that warrant security upgrades. These include USACE dams, locks, and a other facilities that provide flood control, water supply, navigation, and hydropower to the Nation.

*Question.* What would you describe as the major terrorism threats to our Nation's civil works projects?

General FLOWERS. The vulnerability of water resources infrastructure facilities to potential acts of sabotage has always been a concern throughout history. All of our projects have some measure of protection in place based on traditional risk assessments. We would be happy to meet with you to discuss the threat in greater detail.

*Question.* Could you provide an example of the kind of risk that you are talking about?

General FLOWERS. Again, we would be happy to discuss these risks with you personally in greater detail.

*Question.* Along the Kanawha River in West Virginia, there are three busy locks and dam projects—London, Marmet, and Winfield—through which millions of tons of coal and highly volatile chemicals traverse every year. What extra precautionary measures is the Corps taking to safeguard barges carrying highly explosive agents, or hazardous or toxic agents?

General FLOWERS. This mission is being pursued by the U.S. Coast Guard under the new Homeland Security Department. However, every effort is made to increase the detection, assessment, and response to such an act of terrorism on a vessel should it occur at, or within, a lock and dam facility. Efforts by the Corps risk assessment teams developed solutions to mitigate these threats and will be implemented based on priorities that reflect our assessment of the risk.

*Question.* Overall, what efforts are you undertaking to minimize the risk at Corps structures across the Nation?

General FLOWERS. Following 9/11 we completed 306 security reviews and assessments of our inventory of locks, dams, hydropower projects and other facilities to determine vulnerability to terrorist threat and potential consequences of such an attack. We improved our security engineering capability, identified proposed security upgrades, and prioritized this work. Utilizing supplemental appropriations provided in fiscal year 2002 (Public Law 107-117, \$139 million), we have initiated the design and implementation of security improvements on 85 of the 306 critical facilities. We

have also initiated security improvements at administrative facilities to reduce risks to our employees.

*Question.* Does the President's fiscal year 2004 budget provide adequate resources for the Corps to address terrorism in the future?

General FLOWERS. Senator, the budget provides sufficient resources to address the priority fiscal year 2004 needs. One hundred four million dollars of the O&M funds provided in this budget are targeted for facility security. We will direct funding to those priority projects at which there is potential for catastrophic consequences resulting in loss of lives downstream or economic consequences of greater than \$200 million and continue security improvements at our administrative facilities. Vulnerability assessments produce a recommended system of improvements targeted to reduce the risk associated with potential threats to the facility.

*Question.* What funds are needed to adequately address the risk to Civil Works projects?

General FLOWERS. The budget provides sufficient resources to address the priority fiscal year 2004 needs. Subject to the usual aforementioned qualifications regarding capabilities, the maximum capability for guards, maintenance, assessments and other activities to fully address risk associated with USACE facility security in fiscal year 2004 is \$227 million.

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QUESTION SUBMITTED BY SENATOR ERNEST F. HOLLINGS

*Question.* The Water Resources Development Act of 1999 and Section 348(k) of the Water Resources Development Act of 2000 directed the Secretary of the Army to convey all right and title 10,165 acres of federally owned land to the State of South Carolina along with a lump sum payment of \$4.85 million in lieu of annual mitigation payments. The Savannah District conducted a preliminary life cycle financial analysis in an attempt to reduce the lump sum payment to the State of South Carolina. This analysis was not required and now the Army Corps of Engineers (COE) wants the State of South Carolina to pay for this unnecessary analysis. Although Congress' intent was clear, the COE's effort to transfer these lands to South Carolina is moving at a snail's pace and COE has not asked Congress for the appropriation. The COE agreed with this language in the two Water Resources and Development Acts and should transfer the lands and the lump sum immediately with as little red tape as possible. The attempt to delay the transfer by insisting on reimbursement for an unauthorized and unneeded economic evaluation is inappropriate. Why can't the COE move forward immediately with transferring these lands to the State of South Carolina?

General FLOWERS. The authorization required that the Secretary and the State of South Carolina enter into a contract for the State to manage the conveyed parcels of land for fish and wildlife mitigation purposes in perpetuity. Preparation of a preliminary life cycle financial analysis to determine the appropriate lump sum payment amount was consistent with the Water Resources Development Act of 1999 requirement. With enactment of the Water Resources Development Act of 2000 the analysis was no longer required and all activity on the analysis was stopped. The part of the study that was done was appropriately part of the project so it is legitimately cost-shared.

A draft Memorandum of Agreement detailing the terms and conditions associated with the lands transfer and management as authorized by paragraph (i)(3) of Section 348(k) has been provided to the State of South Carolina for review and approval. Upon the approval of an agreement satisfactory to both the Secretary and the State of South Carolina and subject to the availability of funds, the lands and funds will be conveyed to the State of South Carolina. At the present time, sufficient funds have not been appropriated for this purpose.

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QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

DEVILS LAKE, NORTH DAKOTA

*Question.* I am pleased that the Corps has agreed that building an outlet at Devils Lake is its preferred alternative, even though the revised cost estimate presents this subcommittee with some difficulties. Are you confident that water quality standards have been addressed, within given cost constraints?

General FLOWERS. Under the option that the Corps report identified as the preferred alternative, water quality impacts addressed consistent with a balancing of effectiveness and cost. Some refinements of the operating plan may be made through coordination with an operation task force to reduce downstream water qual-

ity impacts. Beyond that, further reducing the water quality impacts and exceedances of water quality standards on the Red River would either require more restrictive sulfate constraints, thereby limiting the discharge rate and significantly reducing an outlet's effectiveness, or mechanically treating the water, which would be very costly.

*Question.* Are there areas where the costs might be reduced?

General FLOWERS. If Congress funds the project, the Corps of Engineers will look for every opportunity to reduce costs during detailed design and implementation. Features currently proposed for the project are considered essential; thus cost reduction by deletion of project features is not viewed as an acceptable option. As more detailed design is accomplished on features that have only been developed to a conceptual level, such as the sand filter, the Sheyenne River cutoffs and control structures, and other project features, a reduction in costs could occur, although there is also a possibility of an increase.

*Question.* With respect to the outlet at Devils Lake, do you believe EPA will "sign off" on this from a water quality perspective?

General FLOWERS. The Corps has applied to the North Dakota Department of Health for Section 401 water quality certification in accordance with the Clean Water Act for the construction and operation of the outlet. In addition, the North Dakota State Water Commission has applied to the North Dakota Department of Health for a Section 402 National Pollution Elimination System permit for the operation of the outlet. The certification and permit processes are still ongoing. The EPA has indicated that North Dakota would coordinate with the State of Minnesota and EPA expects that no North Dakota authorization would be issued if it would cause a violation of North Dakota or Minnesota water quality standards. EPA has been noncommittal as to what its reaction would be should it be asked to intervene through a potential appeal by the State of Minnesota. EPA has indicated that it has concerns but that at least we have been moving in the right direction by trying to address water quality impacts more fully.

*Question.* Do you think the administration will now commit to supporting and funding this project given that the Corps' recommendation is to build an outlet?

General FLOWERS. The administration did not fund the project in fiscal year 2004. My recommendation on this project will follow public review of the final environmental impact statement to be filed with the Environmental Protection Agency in mid April 2003.

*Question.* Do you think the Corps could cover the portion of the costs that involve Tribal lands, rather than having the State cost-share this portion of the project?

General FLOWERS. The Water Resources Development Act of 1986, as amended, requires cost sharing of the project as 65 percent Federal and 35 percent non-Federal, with the non-Federal responsibilities to include provision of lands, easements and rights-of-way required for the project.

#### GRAND FORKS, NORTH DAKOTA—EAST GRAND FORKS, MINNESOTA

*Question.* The Grand Forks Flood Control project was scheduled for substantial completion in December of 2004. This is vitally important because FEMA is looking to remap the community and without this project, the 100 year floodplain would include 90 percent of the two cities (GF and East GF). This would force residents to pay between \$10–\$15 million annually in additional flood insurance.

Last year, this subcommittee increased the budget recommendation by \$5 million which helps the process along, but much more funding will be needed next year for substantial completion by the 2004 date. Can you tell me if the budget request of \$23 million for this project in fiscal year 2004 would allow for substantial completion by December 2004, as the Corps promised the Grand Forks community?

General FLOWERS. No, sir, the fiscal year 2004 budget amount would not allow for substantial completion by December 2004.



DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

STATEMENTS OF:

**BENNETT W. RALEY, ASSISTANT SECRETARY FOR WATER AND  
SCIENCE**

**JOHN W. KEYS, III, COMMISSIONER, BUREAU OF RECLAMATION**

ACCOMPANIED BY:

**J. RONALD JOHNSTON, PROGRAM DIRECTOR, CUP COMPLETION  
ACT OFFICE**

**JOHN TREZISE, DIRECTOR OF BUDGET, OFFICE OF BUDGET, DE-  
PARTMENT OF THE INTERIOR**

Senator COCHRAN. We are now going to hear from our second panel. It is a panel which includes Assistant Secretary for Water and Science, Bennett W. Raley; Commissioner John W. Keys, III, of the Bureau of Reclamation; and Officer Ronald Johnston, who is program director.

If you will come forward and take your seats at the witness table, we will proceed.

The hearing will come to order.

Those who are leaving the room will please do so expeditiously so we may proceed with our second panel.

Secretary Raley, we appreciate your presence. You're here representing the Bureau of Reclamation. We ask you to please proceed.

SUMMARY STATEMENT OF BENNETT RALEY

Mr. RALEY. Thank you, Mr. Chairman, members of the committee. Yes, I am here on behalf of Secretary Norton to present the President's budget request and have with me today John Keys, Commissioner of Reclamation, Ron Johnston, Program Director of the Central Utah Project and John Trezise, the Department's Budget Director.

Mr. Chairman, Interior takes great pride in fulfilling the multiple missions that we have. We have a mission to protect and manage the Nation's natural resources and cultural heritage, provide scientific information about those resources and to honor our special responsibilities to the American Indians, Alaska Natives and affiliated Island Communities.

Our responsibilities lie at the confluence of people, land and water and touch the lives of individuals across the Nation. How well we fulfill our mission influences whether there will be water for people, water for farmers, and water for the environment, in vast areas of this Nation.

We look forward to working with the Corps of Engineers as partners in the Federal role in managing resources. But if I could, to

perhaps save Senator Craig a question, I want to emphasize that from a Department of the Interior perspective with respect to the 17 Reclamation States of the West, we recognize a national water policy and have, since 1866, that water policy being one of federalism. And everything that we do with respect to water management in the west starts with that foundation of federalism and recognizing the appropriate role of States in managing the water resources that they are entrusted with.

Senator CRAIG. Thank you, Mr. Secretary. That is why you are a secretary in this administration. We appreciate that attitude.

Mr. RALEY. Well, thank you, sir.

We also know that the charge of the Department and how well we fulfill that will have an impact on our children's ability to use and enjoy the resources and the incredible vistas, the wonderful places in this Nation, to live and work in healthy communities, to have good jobs and good environments and a future. We have a small part in that and we are very proud of that. But we also recognize that our part of that has to be within national priorities.

And so our budget, Mr. Chairman, members of the committee, has tried to focus on fulfilling core missions—that is c-o-r-e, not C-o-r-p-s; we have no wish to take on more than we can handle—to first take care of what we have in terms of maintaining and operating the investment of the last century, to meet the security needs with respect to some very important facilities that are under the jurisdiction of the Department, and to meet the requirements of the Endangered Species Act and other very important national policy objectives.

Our budget was framed with that approach in mind. That was the budget for the entire department, because we recognize that we are an important part, the Bureau, of that broader mission and that the Department of the Interior is a part of the national priorities.

For the Department, the 2004 budget request is \$10.7 billion, the largest Presidential request in the Department's history, a 25 percent increase over the 2000 budget. With respect to the programs under the jurisdiction of this subcommittee, the request is for \$916.2 million. This includes \$878 million for the Bureau of Reclamation and \$38.2 million for the Central Utah Project Completion Act activities.

Others, members of the panel and of this committee, have already described the many ways that the Interior mission touches people's lives. And I will not go into the details of how many people we serve, how many acres are irrigated with water from reclamation projects, or how much power is provided to the citizens of this Nation. I would or do wish to highlight a couple of areas within the budget.

#### WATER INITIATIVE

First of all, our budget request includes \$11 million for a Bureau of Reclamation Water Initiative that will focus on meeting the core mission of today and the challenges of the future in an even more efficient manner. We want to build on lessons that we have learned in past decades and do a better job with the public's money.

Let me be very specific about what is intended here. We know that there can be great savings in water with the implementation of some fairly simple technologies, technologies that are common in some places and not common in others, technologies like check structures in canals that allow all needs to be met and to stretch existing reservoir supplies even further. So, in times of drought, as much of the West is in today, we can farm and have water for people further into the drought than we otherwise would without these technologies. These are technologies like computerized SCADA, the supervisory control and data acquisition systems, to operate canals in a more efficient way.

These, members of the committee, are steps that will have very real benefits to water users in the basins where they can be implemented, but they have historically not been as attractive for investment as other alternatives. And we wish to get back to the basics. We wish to bring our investments over the last century up to par so that we can meet the challenges of the next century.

#### SPECIFIC PROJECT REQUESTS

Our budget request also includes nearly \$21 million for the challenges we face in the Klamath Basin, for meeting water supplies for farmers, for tribal trust needs, and for the environment. It includes \$19 million for the Columbia/Snake salmon recovery; \$17.4 for the Middle Rio Grande Project; and \$15 million in an account established exclusively for implementation of the preferred program alternative for the CALFED Bay-Delta Program that is so important to the Central Valley and, in fact, the entire State of California.

The budget request includes \$58 million to continue construction of the Animas La Plata Project. This is the level of funding that is needed for the Department to be able to meet the 7-year construction schedule contained in the Colorado Ute Settlement Act Amendment of 2000.

Lastly, let me explain if I could, the budget request for rural water systems and Title XVI. Our budget includes \$32 million for rural water projects. This is significantly reduced from the level Congress recently enacted for 2003. This budget reflects the findings of the OMB Program Assessment Rating Tool (PART) that OMB and Interior jointly proceeded with. We believe that there are gains in efficiency that can be achieved in meeting the needs of rural communities.

Mr. Chairman, I grew up 60 miles from the nearest stoplight, hospital, movie theater. The water that I drank, when you took it out of the tap, set it on the table, the flakes immediately started precipitating out. My guess is that that water would not meet today's safe drinking water standards, which may for some explain my behavior.

We understand the importance of rural drinking water, but we also know that those needs are enormous throughout the West. And it is incumbent upon us to meet those needs in absolutely the most efficient manner possible. Our budget request this year is a reflection of our commitment to do just that. With respect to Title XVI, which is commonly known as the Waste Water Recycling or Desalinization Programs that have been implemented since 1992,

when Title XVI was added, our funding levels in part are based on the completion of the OMB PART assessment tool that was also used for the rural drinking water systems. The assessment tool that the Federal investment in the critically important areas of waste water recycling and desalinization technology can be more efficiently targeted. Our belief is that the first priority for the Federal investment should be to invest in the technology advances that will drive the per-unit cost down to the lowest level possible so as to make water from these sources competitive with alternatives as quickly as possible.

#### SUMNER PECK

Finally, I would like to report on a matter that is of direct importance to Senator Feinstein, if you would allow me. Our budget for 2003, in the budget amendments submitted, provided for funds to pay a judgment under a consent judgment in what is known as the Sumner Peck litigation in the Central Valley in California. I am authorized today to state that the Department of Justice has determined that the Judgment Fund will be available for payment of the amounts due under that consent judgment in 2003. The Department of Justice has not made a determination regarding the availability of funds from the Judgment Fund for future years under this consent decree, but I know that this is a matter of great importance to Senator Feinstein and all of her colleagues from California. We wanted to take the opportunity to inform this committee of the resolution of this issue with respect to 2003, but also to make it very clear that the issue has not been resolved for future years.

#### PREPARED STATEMENT

Mr. Chairman, in light of the amount of time that you probably have saved for questions for the Commissioner and the budget officer, I would ask that my entire remarks be submitted in the statement, and I will remain available for questions.

[The statement follows:]

#### PREPARED STATEMENT OF BENNETT W. RALEY

I am pleased to be here today before the Subcommittee on Energy and Water Development to discuss with you the fiscal year 2004 budget for the Department of the Interior. I appreciate the opportunity to highlight a number of important initiatives and to answer questions that you might have.

On behalf of Secretary Norton, and as an introduction to our 2004 budget request, I'd like to offer some observations about the Department's mission. We take a great deal of pride in our mission to:

- Protect and manage the Nation's natural resources and cultural heritage;
- Provide scientific information about those resources; and
- Honor our special responsibilities to American Indians, Alaska Natives and affiliated Island Communities.

Our responsibilities touch the lives of each individual across the Nation. How well we fulfill our mission influences:

- Whether farmers will have water and people can turn on the tap;
- Whether our children will enjoy America's grand vistas, places, and history;
- Whether we can hike, bird watch, canoe, or hunt and fish in the great American outdoors; and
- Whether our landscapes are healthy and our communities are thriving.



## DEPARTMENTAL BUDGET OVERVIEW

Our 2004 \$10.7 billion budget request provides the single clearest statement of how we plan to honor these commitments in the upcoming year. It lays the foundation for us to build a legacy of healthy lands and thriving communities, including:

- Resource Protection.*—Reflecting the Department's multiple missions, the budget proposes \$2.6 billion to fund programs that improve the health of landscapes, sustain biological communities, and protect cultural resources.
- Serving Communities.*—The budget proposal includes \$5.0 billion to serve communities through fire protection, generation of scientific information, education investments for American Indians, and through activities to fulfill responsibilities toward American Indians, Alaskan natives, and the Nation's affiliated island communities.
- Resource Use.*—Interior lands include many working landscapes where ranchers, energy partners, and other entrepreneurs help maintain thriving American communities and a dynamic economy. The budget includes \$1.5 billion to provide access for these important uses.
- Recreation.*—\$1.4 billion in fiscal year 2004 budget investments will ensure recreational opportunities for all Americans in the network of public lands, parks and refuges that the Department administers.

In total, the 2004 budget is the largest presidential request in the Department's history. This budget proposal is about 25 percent higher than the 2000 appropriations level of \$8.6 billion, and represents an increase of \$338.7 million, or 3.3 percent, over the 2003 enacted level. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$3.0 billion, for a total 2004 Interior budget of \$13.7 billion. The Department anticipates that it will collect \$7.8 billion in receipts in 2004, equivalent to 73 percent of Interior's current appropriations request.

The 2004 request includes \$9.8 billion for programs funded in the Interior and Related Agencies Appropriations Act, an increase of \$369.8 million or 3.9 percent over the 2003 enacted level.

The budget includes \$916.2 million for programs funded in the Energy and Water Development Appropriations Act, a decrease of \$31.1 million, or 3.3 percent below the 2003 enacted level.

## BUREAU OF RECLAMATION

The Bureau of Reclamation is the largest supplier and manager of water in the 17 western States. Its facilities include 348 reservoirs and 456 dams with the capacity to store 245 million acre-feet of water. These facilities deliver water to one of every five western farmers for about 10 million acres of irrigated land and provide water to over 31 million people for municipal, rural, and industrial uses. Reclamation is also the Nation's second largest producer of hydroelectric power, generating 42 billion kilowatt-hours of energy each year from 58 power plants. In addition, Reclamation's facilities provide substantial flood control, recreation, and fish and wildlife benefits.

Since its establishment in 1902, water supply facilities developed by Reclamation have contributed to sustained economic growth and an enhanced quality of life in the western States. Lands and communities served by the bureau's projects have been developed to meet agricultural, tribal, urban, and industrial needs. In more recent years, the public has demanded better environmental protections and more recreational opportunities while municipal and industrial development have required more high quality water. Continuing population growth, especially in urban areas, will inevitably lead to even greater competition for the West's limited water resources. These increased demands are further compounded during periods of drought.

The Bureau of Reclamation request for current appropriations is \$878.0 million, a net increase of \$23.1 million above the 2003 request, as amended. The 2004 request is \$33.3 million below the 2003 enacted level.

The 2004 request for current appropriations is offset by discretionary receipts in the Central Valley Project Restoration Fund, resulting in a net request of \$847.2 million. The request for permanent appropriations totals \$87.5 million.

The request for the Water and Related Resources account is \$771.2 million. The account total includes an undistributed reduction of \$40.0 million in anticipation of delays in construction schedules and other planned activities.

The budget provides a total of \$348.3 million for facility operations, maintenance, and rehabilitation, an increase of \$8.3 million over the 2003 request, as amended. The 2004 request for facilities operations, maintenance, and rehabilitation is a decrease of \$3.4 million from the 2003 enacted level. The request includes \$71.0 mil-

lion for the Dam Safety program to protect the downstream public by ensuring the safety and reliability of Reclamation dams.

*Water Initiative.*—The 2004 budget for Reclamation proposes ways to manage water carefully and creatively for people, land, and the environment. The poet Thomas Hornsby Ferris, wrote about the West: “Here is a land where life is written in water.”

What was true 100 years ago remains true today. Managing water wisely lies at the heart of maintaining healthy lands and thriving communities. The budget request includes \$11.0 million to launch a Bureau of Reclamation Water Initiative that uses collaboration, conservation, and innovation to make sure every drop of water counts. This initiative is expected to benefit communities currently struggling with increased water demands, drought, and compliance with the Endangered Species Act. The funding increase will be used to: develop pilot projects that demonstrate how to prevent crises-level water conflicts in the West; expand the use of science to improve desalination technology, promote adaptive management of watersheds, and fund peer review of Endangered Species Act consultations; design water management programs that address environmental needs on a basin-scale; and train Reclamation employees to help them better carry out the ESA as it relates to Federal actions.

The budget also includes \$58.0 million for the Animas-La Plata Project in Colorado, specifically for the Colorado Ute Settlement Act Amendment of 2000 requirements outlined in the final record of decision. The Department is committed to completion of this project and requests an increase of \$23.2 million over the 2003 enacted level.

The Reclamation budget puts increased emphasis on resolving water management and delivery issues that involve endangered species in several western States. The Klamath Project is funded at \$20.8 million, Columbia/Snake salmon recovery is funded at \$19.0 million, and the Middle Rio Grande Project is funded at \$17.4 million.

The request provides \$34.1 million for the Central Arizona Project. The request includes \$170.1 million for operating, managing and improving California’s Central Valley Project, including an increase of \$13.1 million from 2003 enacted level for the CVP Replacements, Additions, and Extraordinary Maintenance program.

Collectively, the request includes \$32.3 million for rural water projects—Garrison Diversion Unit, Mni Wiconi, Mid-Dakota—which is a 67 percent reduction from the 2003 enacted level. The findings in the OMB Program Assessment Rating Tool process indicated that a new approach is necessary for rural water delivery programs. The Administration intends to submit legislation this spring, establishing a Reclamation Rural Water Program with adequate controls and guidelines.

The budget includes \$15.0 million in the account established exclusively for implementation of the CALFED Bay-Delta Program. Funds provided will be used for ongoing activities within existing authorities.

#### CENTRAL UTAH PROJECT COMPLETION ACT

The Central Utah Project Completion Act provided for completion of the Central Utah Project by the Central Utah Water Conservancy District; authorized funding for fish, wildlife, and recreation mitigation and conservation; established the Utah Reclamation Mitigation and Conservation Commission; and provided for the Ute Indian Rights Settlement. A program office located in Provo, Utah provides liaison with the District, Mitigation Commission, and the Ute Indian Tribe and otherwise assists in carrying out responsibilities of the Secretary. Under the Act, the responsibilities of the Secretary cannot be delegated to the Bureau of Reclamation.

The 2004 request provides \$38.2 million, an increase of \$2.2 million over the 2003 enacted level. The budget refocuses resources to address redesign and realignment of the Diamond Fork tunnel due to the interception with water that is highly contaminated with hydrogen sulfide. The 2004 request includes: \$26.4 million for planning and construction activities administered by the District; \$9.4 million for mitigation and conservation activities funded through the Mitigation Commission; and \$2.4 million for activities administered by the program office, which includes \$629,000 for mitigation and conservation activities funded through the program office.

#### TRUST PROGRAMS

Over one-half of our \$369.8 million increase for 2004 will fund trust reform initiatives. While the overall budget request is approximately 3.9 percent over the fiscal year 2003 request, our fiscal year 2004 Indian trust budget request is almost 50 percent higher than what was included in the 2003 appropriations act.

Fulfilling our Trust responsibilities remains one of the Department's greatest challenges. The Department has responsibility for the management of 100,000 leases for individual Indians and Tribes on a land trust that encompasses approximately 56 million acres. Leasing, use permits, sale revenues, and interest of approximately \$226 million per year are collected for approximately 230,000 individual Indian money accounts, and about \$530 million per year are collected for approximately 1,400 tribal accounts per year. In addition, the trust manages approximately \$2.8 billion in tribal funds and \$400 million in individual Indian funds.

Interior faces many challenges in reforming the management of its Indian trust responsibilities. First, the Department has not been well structured to focus on its trust duties. Second, fractionated interests in individual Indian allotted land continue to expand exponentially with each new generation. Today, there are approximately 4 million owner interests in the 10 million acres of individually owned trust lands. These 4 million interests could expand to 10 million interests by the 2030 unless an aggressive approach to fractionation is taken. There are now single pieces of property with ownership interests that are less than 0.000002 percent of the whole interest.

Third, there are 230,000 open individual Indian money accounts, the majority of which have balances under \$100 and annual transactions of less than \$1,000. Interior maintains thousands of accounts that contain less than one dollar, and has a responsibility to provide an accounting to all account holders. Unlike most private trusts, the Federal Government bears the entire cost of administering the Indian trust. As a result, the usual incentives found in the commercial sector for reducing the number of accounts do not apply to the Indian trust.

An increase of \$114.1 million for the Office of Historical Trust accounting will support the Department's plan to conduct a historical accounting for individual Indian money accounts and to account for funds in Tribal accounts. On January 6, 2003, the Department presented a plan to the District Court in *Cobell v. Norton* for the historical accounting for about 260,000 IIM accounts. The work described in that Plan is expected to take five years to complete and is preliminarily estimated to cost approximately \$335 million. The budget includes \$130.0 million for these historical accounting activities. Funds also will be used to provide for historical accounting activities related to tribal accounts.

The 2004 budget proposes \$21.0 million for Indian land consolidation, an increase of \$13.0 million, to expand pilot efforts to reduce the fractionation of individual land ownership interests into a nation-wide program. During 2003, we will establish a national program office, standardize business practices, and develop a strategic plan to guide expansion to more tribal reservations.

Interior is reorganizing trust functions in BIA and OST. The new organization was developed after detailed analysis of the prior organization and a year-long consultation process with tribal leaders. In one of the most extensive consultation efforts ever undertaken by the senior management level at the Department on any issue relating to Indian Country, over 45 meetings with tribal leaders provided detailed findings and recommendations. The new organization reflects a synthesis of the views heard during the consultation process. It will meet fiduciary trust responsibilities, be more accountable at every level, and operate with people trained in the principles of trust management. The 2004 budget provides an increase of \$15.0 million to support the new organization, which together with base funding available in BIA and OST will provide resources needed for the new organization in 2004.

The proposed \$183.8 million increase for trust management reforms includes funding to help rebuild Bureau of Indian Affairs information technology infrastructure to support trust and non-trust programs. The BIA's information infrastructure and security use outmoded hardware and software that do not meet lifecycle management and systems architecture principles, and do not comply with the security requirements of OMB Circular A-130 and the Government Information Security Results Act. The Department requests IT funding for the significant new investments needed to address these challenges. The 2004 budget includes increases of \$29.8 million for a ground-up rebuilding of the BIA IT infrastructure to support trust, as well as non-trust programs, and \$2.5 million for Interior-wide IT security. The proposed rebuilding will fit within the enterprise architecture and includes full business cases for proposed investments.

The 2004 budget also proposes an increase of \$4.5 million to accelerate a new strategy to administer, manage, search, retrieve, and store trust records. Reform efforts to date have improved records collection and security. However, recent Interior reviews have resulted in a reassessment of the resource requirements needed to establish proper records retention schedules, establish and implement record keeping requirements, safeguard records, implement and maintain training programs, and meet records-retrieval needs in an effective and cost-efficient way.

## COOPERATIVE CONSERVATION INITIATIVE

The 2004 budget lays the foundation for a legacy of healthy lands, presenting a blueprint for fulfilling the President's vision of a new environmentalism of citizen stewards and cooperative conservation. Building partnerships lies at the heart of this effort. Last year's budget proposed a Cooperative Conservation Initiative. This year, our budget again includes a Cooperative Conservation Initiative, structured around bureau Challenge Cost Share programs and other existing cooperative conservation grant programs.

The Cooperative Conservation Initiative, funded at \$113.2 million, will empower citizen stewards to conserve and protect natural resources, while also achieving important community and economic goals. The Initiative builds on existing conservation partnership programs and will provide new and expanded opportunities for landowners, land managers, and others to participate in projects that foster innovation and create incentives for stewardship. Our budget also provides funds for a public lands volunteers program.

The 2004 CCI request builds upon Interior's long history of working collaboratively with others. It builds on existing conservation partnership programs, including the challenge cost share programs of the Bureau of Land Management, Fish and Wildlife Service, and National Park Service, as well as FWS's Partners for Fish and Wildlife program, Coastal program and Migratory Bird Joint Venture program. This initiative also funds a program of volunteers to increase public awareness of, and appreciation for, natural and cultural resource protection.

The CCI request includes a \$9.3 million increase for the Partners for Fish and Wildlife program, the largest increase ever provided to this program. The Fish and Wildlife Service will partner with 2,500 additional landowners on the program's waiting list. These new partnerships will restore an additional 19,298 acres of wetlands; 83,601 acres of native grasslands, forest and other uplands; and 241 miles of riparian and in-stream habitat over 2003 levels.

## CONSERVATION GRANTS

The Private Stewardship grants and the Landowner Incentive Program recognize continuing opportunities for conservation of endangered and threatened species through partnerships with private landowners. The budget request includes \$50.0 million for Private Stewardship grants and the Landowner Incentive program. Interest in the State portion of the program is high, with over 80 grant requests totaling \$61.0 million for the program's first year.

The 2004 budget request includes a comprehensive, partnership approach to meeting the President's commitment for fully funding the Land and Water Conservation Fund. The 2004 LWCF program includes \$662.4 million for the Department. It emphasizes conservation partnerships with States, Tribes, local communities, and private citizens, including a strong State grant program, and reduced Federal land acquisition. This proposal recognizes the costs of adding to the significant land holdings that are already managed by the Department and our commitment to take better care of these lands. It also recognizes the value and cost-effectiveness of partnerships. We can accomplish our conservation goals by conserving endangered and at risk species through conservation easements, working with private landowners to enhance habitat for endangered and at risk species, and other innovative partnership approaches.

## CONSERVING WILDLIFE AND FISHERIES

March 14, 2003 marks a milestone in the history of wildlife conservation in America—the centennial anniversary of the national wildlife refuge system. Reflecting the importance of this event and the record of conservation established through this unique system of lands and resources, the 2004 budget builds on last year's historic \$48.4 million budget increase for the national wildlife refuge system by requesting a total of \$402.0 million for refuge operations and maintenance, an increase of \$33.6 million over 2003 appropriation levels. The total budget request for the Fish and Wildlife Service is \$1.3 billion.

The Fish and Wildlife Service fisheries program has played a vital role in conserving and managing fish and other aquatic resources. The 2004 budget enhances the Federal contribution to aquatic resource conservation partnerships, by providing \$103.6 million for the FWS fisheries program. The request includes an \$7.4 million increase for operation and maintenance of the national fish hatchery system's hatcheries, fish health centers, and fish technology centers. Also included is a \$1.0 million increase to combat aquatic nuisance species, part of the larger, coordinated interdepartmental effort discussed below.

## OTHER PARTNERSHIPS

As Stated earlier, the 2004 budget is based on a vision of partnerships and leaving a legacy of healthy lands and thriving communities resulting from efforts to work together across landscapes and across communities. The 2004 budget sets forth the tools through which these partnerships can flourish and leave a legacy of healthy lands and thriving communities.

The Department's parks, refuges, and public lands host nearly 500 million visitors a year and provide access for economic uses, activities that fuel the economic engines for communities adjacent to our Federal lands. Recognizing that the Department's decisions can greatly impact these gateway communities, the Department is working in partnership with the people who live on the private lands that border these areas and developing collaborative approaches to address local issues.

*Everglades.*—The Everglades restoration effort also affirms the power of partnerships. As stewards of about one-half of the remaining Everglades ecosystem, the Interior Department works with a broad team of Federal, State and local partners. In 2004, the President's budget includes \$111.8 million for Interior Everglades activities, an increase of \$27.8 million above 2003 enacted appropriations. The request includes \$40.0 million to protect the Big Cypress National Preserve by acquiring the Collier family's mineral right holdings.

Exemplifying the partnership approach to this restoration effort, the Department is building stronger coalitions to implement the restoration program, including:

- Forming an advisory committee for public input to land managers in South Florida on a wide range of issues;
- Providing scientific expertise to the State and the U.S. Army Corps of Engineers to meet the objectives of the Comprehensive Everglades Restoration Plan; and
- Taking steps to ensure that appropriate quantities of water are distributed at the right times and in the right places to restore the unique Everglades ecosystem.

*Invasive Species.*—The Department is participating in an interagency performance budget to promote invasive species management that is being coordinated by the National Invasive Species Council. The 2004 budget proposes \$57.5 million for the Department's portion of this interagency effort.

At this funding level, Interior will participate in the control and management of tamarisk and giant salvinia in the southwest; conduct ballast water research; control and eradicate nutria in the Chesapeake Bay and in Louisiana; plan early detection and rapid response to eradicate outbreaks of sudden oak death in eastern hardwood forests of the central Appalachian Mountains; and develop a marine invasive species early detection warning system.

*Abandoned Mine Reclamation and Clean Streams.*—Through partnerships the Office of Surface Mining is restoring streams impacted by coal mining. Its Clean Streams program involves State and local groups to enhance miles of riparian areas. The President's budget request includes \$281.2 million for State and Federal programs to protect the environment during coal mining, assure prompt reclamation after mining, and clean up abandoned mine lands. The request will enable OSM to continue directly administering Federal regulatory and reclamation programs in States that do not operate their own surface mining programs as well as on Federal and Indian lands, and to reclaim 6,900 acres of disturbed land and other hazards that threaten human health and welfare and environmental quality.

*Payment of Lieu of Taxes.*—The President's proposal calls for \$200.0 million for Payments in Lieu of Taxes, to compensate States for Federal lands that cannot be taxed by local governments. The 2004 budget proposes to move the program from the Bureau of Land Management to the Departmental Management account to reflect the breadth of this program. The lands on which the payments are made are administered by the NPS, FWS, and USDA Forest Service, as well as by the Bureau of Land Management.

## WILDLAND FIRE AND HEALTHY FORESTS

Building a legacy of healthy lands and thriving communities means applying a healing hand to the landscape. The Department is advancing the President's Healthy Forests Initiative to reduce decades-long build-ups of underbrush and unnaturally dense forests.

The budget proposes \$698.7 million for wildfire prevention and suppression and Healthy Forest initiatives in fiscal year 2004. This is a \$48.5 million, or 7.5 percent increase over last year's budget proposal. The request includes continued funding for a robust fuels treatment program at \$186.2 million, 400 percent above spending in 2000. At this funding level, the Department will treat 307,000 high priority acres

in the wildland-urban interface and an additional 768,000 acres that are not in the wildland-urban interface.

The Department is also taking a number of steps to improve the productivity and performance of the fuels program that will help the Department's firefighting bureaus take maximum advantage of the opportunity for fuels treatment projects at the beginning of the fiscal year when weather and workload conditions for fuels treatments are optimal. The Department is accelerating project planning and selection, issuing policy guidance and proposed legislative language designed to facilitate and expand contracting in the fuels program, and issuing policy guidance to expedite the budget allocation process for the fuels program and individual projects.

The fuels treatment program is key to restoring forests and rangelands to long-term health and preventing damage caused by catastrophic wildfires. One approach to improving forest health that holds promise is stewardship contracting. Stewardship contracts allow the private sector, non-profit organizations, and local communities to productively use materials generated from forest thinning.

The 2004 budget proposal also calls for \$282.7 million for fire preparedness, including increased funding for aviation contract costs. The fire suppression request of \$195.3 million reflects a \$36.0 million increase to fund suppression operations at the revised 10-year average. This funding level will provide resources to respond to an "average" fire year without having to rely on emergency borrowing that can be disruptive to other Interior programs. The Department is also working to develop new and improved current cost control strategies for suppression. The budget also includes \$24.5 million for rehabilitating burned areas. Timely stabilization and rehabilitation of severely burned areas are critical to prevent further damage due to erosion, loss of soil nutrients, and the introduction and spread of invasive species. The budget also continues funding for Rural Fire Assistance at \$10.0 million. Frequently, local firefighting departments are the first responders to wildland fires on public lands and play a vital role in preventing fires from escaping initial attack and becoming exponentially more expensive to suppress. In 2002, the Department assisted 5,349 rural and volunteer fire departments through grants, technical assistance, training, supplies, equipment, and public education support.

#### HELPING TO MEET THE NATION'S ENERGY NEEDS

Interior plays a central role in meeting the Nation's energy needs. Conservation, renewable energy, and traditional energy sources all play an intertwined role in helping the Nation meet these needs. The budget supports the President's and the Department's goal for increasing domestic energy supplies from a variety of sources, in an environmentally acceptable manner, with a special emphasis on developing renewable energy sources on Federal lands.

The 2004 budget request includes an increase of \$444,000 for activities on the North Slope, for a total of \$8.4 million. Funding will support planning for sales in the National Petroleum Reserve-Alaska, and, if authorized, the Arctic National Wildlife Refuge. Congressional authorization will be required for a lease sale to be conducted in ANWR.

The budget requests an increase of \$2.0 million for BLM to strengthen inspection and enforcement activities, targeted primarily to the Powder River and San Juan basins. The budget also proposes a \$500,000 increase to expand resource monitoring to improve assessment of the cumulative impacts of oil and gas development, especially on cultural resources and species at risk.

The 2004 budget includes \$2.0 million for renewable energy resources. This includes an increase of \$100,000 over 2003 enacted appropriations to support the development of geothermal, wind, and solar energy on public land. This is more than five times the 2002 funding level for these programs.

The Outer Continental Shelf is projected to produce over 25 percent of both the Nation's oil and natural gas in 2003. The Minerals Management Service is the primary steward of the mineral resources on the OCS. The MMS budget of \$171.3 million includes an increase of \$1.6 million to meet increased workload brought about by the demand for Outer Continental Shelf program services in the Gulf of Mexico. The 2004 budget includes a total of \$11.6 million, an increase of \$3.9 million over 2003 funding levels for MMS to employ innovative business processes and advances in electronic technology in the offshore program. The budget also includes an increase of \$300,000 to investigate the energy resource potential found in methane hydrate formations. The MMS will also invest an additional \$3.0 million to operate and maintain its minerals revenue management and royalty-in-kind systems.

The 2004 BIA request includes a \$2.0 million increase for grants to Tribes to evaluate mineral resource potential on tribal trust and restricted lands. The request also includes \$1.0 million to help Tribes expedite the development of tribal regula-

tions governing mineral leasing and permitting, and rights-of-way of tribal lands required under the Energy Policy Act, 2002.

#### TAKING CARE OF PARKS

Complementing the Department's cooperative conservation commitments is a continued investment in taking care of National Parks. The President's budget proposes a \$2.4 billion budget for the National Park Service, an increase of \$131.4 million above 2003 appropriations.

This budget continues the Department's commitment to fulfill the President's pledge of addressing the maintenance backlog in National Parks, proposing \$705.8 million this year toward this effort, an increase of \$54.1 million, nearly an eight percent increase over 2003. The budget includes an increase of \$16.3 million for cyclic maintenance. This increase will provide additional funds for regular maintenance activities and will help the NPS keep pace with its maintenance needs and prevent additional projects from becoming deferred. It also includes an additional \$16.7 million for the repair and rehabilitation program and a \$4.7 million increase for comprehensive condition assessments at parks. Data collected through the condition assessments will be used in 2004 to evaluate progress in eliminating the deferred maintenance backlog, as measured by a facility condition index.

To date, our accomplishments are impressive. For example, the Many Glacier Hotel at Glacier National Park was built in 1914. A highly recognized National Landmark, this facility signifies an important period in the development of the National Park Service. Due to the harsh climate and insufficient maintenance in the past, this important landmark had deteriorated to a stage where emergency stabilization was necessary. The Department is in the process of stabilizing this important facility.

But we still have more work to do. A key focus in the 2004 budget will be to improve park roads. Here, too, the Department is reaching out to partners. A signed memorandum of agreement with the Federal Highway Administration will help us achieve our road maintenance goals efficiently. The Department of Transportation's 2004 budget proposes \$300.0 million in 2004 for Park road repair as part of the reauthorization of TEA-21, bringing the total park maintenance budget to over \$1 billion.

In the National Park Service, the Natural Resource Challenge helps Park managers improve resource management by strengthening the scientific base of knowledge about park resources. Our budget proposes \$76.1 million, an \$8.7 million increase over 2003, for the program. This increase will provide a 3 year cumulative total increase of over \$104 million above the 2001 level. The Natural Resource Challenge is an integral component of President Bush's ongoing commitment to improving natural resource management in Parks.

#### INDIAN EDUCATION

No task is more important to the American community than educating its children. In education, the President has committed to "leave no child behind." At Interior, this commitment centers on the 48,000 children educated at schools operated by the Bureau of Indian Affairs or by Tribes under BIA grants or contracts.

The budget request for Indian education continues the President's commitment with a robust \$528.5 million school operations budget request, including funding for teacher pay increases. The budget includes \$3.0 million to establish a separate fund for new administrative cost grants to encourage more Tribes to exercise their authority to operate BIA schools by providing full funding for start-up costs for the first year of tribal operation of bureau-operated schools.

Children deserve safe, functional places to learn. The 2004 budget invests \$292.6 million in school facilities, including funds to replace at least seven high priority school facilities and to repair schools identified in the Indian school maintenance backlog. The President's goal is to eliminate the backlog by 2006.

#### RECREATION

With almost 500 million visits each year to the Department's lands, Interior provides a wide array of recreational opportunities, including fishing, hiking, hunting, camping, and wildlife viewing. Public lands managed by the Bureau of Land Management provide recreational venues for a growing population in the West, hosting over 60 million visitors annually.

The 2004 budget requests \$48.7 million to enable the Bureau of Land Management to continue to provide quality recreational opportunities. BLM will address transportation and access needs and challenges, expand interpretive and other vis-

itor services, and support greater outreach and consultation efforts to help resolve user conflicts in the face of growing visitation.

In recreation as in conservation, partnering is central to achieve our recreation goals. The Department depends on the contributions of 200,000 volunteers, almost three times Interior's Federal workforce, to help address resource protection and public recreation needs. Over 126,000 volunteers work in parks, the rest work in refuges, public lands, and other Interior sites across the country. In 2004 volunteers will assist NPS staff with important park projects including the Lewis and Clark bicentennial, the Powered Flight centennial, and the Jamestown 400th anniversary. The budget request proposes to increase funding by \$1.5 million for partnership efforts and volunteer recruitment and training. A \$1.0 million increase is aimed at bolstering volunteer participation and improving park capacity to supervise, train, and reward volunteers. An increase of \$500,000 will allow NPS to establish full time volunteer coordinators to manage an expanding program.

The Department's partnerships include working with States. Today, the LWCF State grant program is a cornerstone of the Secretary's commitment to involve State governments in conservation and recreation activities. This program, enacted in 1965, helps States develop and maintain high quality recreation areas and stimulate non-Federal investments in the protection and maintenance of recreation resources across the United States. Reflecting the President's goals, the Interior LWCF program seeks to promote cooperative alliances, leave land on State tax roles, and achieve conservation goals by emphasizing innovative alternatives to fee simple title purchases, such as conservation easements and land exchanges. This emphasis also enables Interior land management agencies to focus more funds on caring for lands already under their management.

The President's budget fully funds the Land and Water Conservation Fund at \$900.7 million. The LWCF proposal calls for \$160.0 million in State grants, an increase of \$62.6 million over the 2003 funding level enacted by the Congress.

#### LAW ENFORCEMENT AND SECURITY

The budget calls for increases for Interior's law enforcement and security programs. The money would be used to hire additional personnel, provide more training, and improve security operations. This includes an increase of \$28.9 million that is earmarked for strengthening law enforcement and security operations at key Interior visitor sites and \$3.9 million to increase protection and law enforcement at Interior refuges, public lands, and parks along U.S. borders with Mexico and Canada. Of the increase for Interior visitor site security, \$26.8 million is slated for security improvements at the Jefferson National Expansion Area in St. Louis, Missouri; Independence National Historical Park in Philadelphia, Pennsylvania; and the Washington Monument in Washington, D.C.

#### SCIENCE

All of the Department's efforts require good information. Scientific information is the cornerstone for Interior's natural resource management activities, providing a basis for making decisions about resource protection, resource use, recreation, and community-based programs. The USGS has the principle responsibility within Interior to provide its bureaus the earth and natural science information and research necessary to manage the Nation's natural resources.

The President's 2004 budget proposes \$895.5 million for the USGS. The budget includes \$17.1 million in new program increases above the 2003 conference level for high priority research needs, including invasive species control and management and increased capability to address science needs for Interior bureaus.

#### CONCLUSION

The Interior Department's responsibilities lie at the confluence of people, land, and water. The 2004 budget funds programs that support our broad and multiple missions. Leaving a legacy of healthy lands and thriving communities requires resources, creativity, and, above all, collaboration. The 2004 budget supports this vision of forging partnerships.

This concludes my overview of the 2004 budget proposal for the Department of the Interior and my written Statement. I will be happy to answer any questions that you may have.

Senator COCHRAN. Thank you, Secretary Raley. Commissioner Keys, do you have a statement?

Commissioner KEYS. Yes, sir, I do.



Senator COCHRAN. Please proceed.

STATEMENT OF JOHN W. KEYS, III

Commissioner KEYS. Good morning, Mr. Chairman. It is my pleasure to be here today with you, and we do appreciate the opportunity to come and talk with you about the President's 2004 budget request. We appreciate all of the support that we have received from your staff over this year and especially in preparing for this hearing. I will tell you that your staffs are first-class, and we do enjoy working with them very much.

I have a statement for the record which I would hope you would enter for me, please.

Senator COCHRAN. It will be entered in the record.

Commissioner KEYS. The overall budget request for fiscal year 2004 totals \$878 million for the Bureau of Reclamation in current authority. And from our perspective that budget is good news for the West.

Let me digress for just a second. This is our centennial year for the Bureau of Reclamation. The authorizing legislation for the Bureau was enacted on June 17, 1902, and certainly we are proud of Reclamation and what our part has been in developing the West and our continuing relationship with the States there and in providing that water supply.

We are currently the largest wholesaler of water in the United States and the seventh largest power utility delivering power and water to the West. About 31 million people depend on us for water every day, and we serve about 10 million people with power every day. We are proud of those 348 major dams and 58 power plants that we have across the West.

The budget request for 2004 is citizen centered and founded on the President's principle of results rather than procedures. An example is the Western Water Initiative that Mr. Raley just talked about. Our budget is a fiscally responsible request which will continue to provide funding to deliver water, provide a stable source of power for our growing population, keep our dams and facilities safe, and support sound environmental stewardship efforts.

The 2004 request includes \$771 million for the Water and Related Resources. This will allow us to continue Reclamation's emphasis on delivering and managing water and power, the two valuable public resources that we are responsible for. In cooperation and consultation with the States, tribal and local governments, along with our other stakeholders and the public at large, Reclamation offers workable solutions regarding water and power resource issues that are consistent with the demands for power and water across the western United States.

With the need to pursue cost-effective, environmentally sound approaches to meeting these demands, the request continues to emphasize the operation and maintenance of Reclamation facilities in a safe, efficient, economic and reliable manner. This is all done while sustaining the health and integrity of ecosystems that address the water needs of a growing population.

## BUDGET HIGHLIGHTS

Let me just give you a few highlights of that budget. Mr. Raley mentioned the Animas-La Plata project in Colorado and New Mexico and the request being \$58 million. This year that level of funding is crucial to complete the construction of this project within the time frames required by the Colorado Ute Settlement Act Amendments of 2000.

The 2004 request will continue the construction of Ridges Basin Dam and the Durango Pumping Plant on the Animas River, as well as continuing the preconstruction activities for the Navajo Nation Municipal Pipeline and Ridges Basin Inlet conduit, and other facilities there.

The Columbia-Snake River Salmon Recovery in Idaho, Oregon, Montana, and Washington addresses the implementation of reasonable and prudent alternatives included in two biological opinions issued in December of 2000. We are working mightily to make those work for the return of the salmon and the continued operation of our projects there.

The Klamath Project in California and Oregon provides funding for scientific studies and initiatives that will, as a result of the 2002 to 2012 biological opinion, establish a water bank. We think the water bank will separate the requirements for water for the Endangered Species Act from the requirement of water for deliveries to the irrigation community. We think it is a great approach to try, and certainly we have every effort there to make that work this year.

The safety of Reclamation dams is one of our highest priorities, if not the highest one. About 50 percent of Reclamation's dams were built between 1900 and 1950, and 90 percent of these dams were built before the advent of current state-of-the-art foundation treatments, and before filter techniques were incorporated into those constructions. We have \$71 million of our budget dedicated to the continued safety of those facilities.

Site security activities are ongoing in the funding program improvements identified in 2002 and 2003. Since September 11, 2001, Reclamation has maintained the heightened security levels at our facilities to protect the public, to protect our employees, and all of the infrastructure there, and certainly we will continue that. The 2004 budget includes those monies, about \$28-and-a-half million, for us to complete the analysis and look at every one of those facilities that we operate and maintain.

The desalination of seawater and groundwater poses a promising opportunity to expand water supplies for both coastal and inland areas. The 2004 budget contains increased funding for desalination research activities aimed at decreasing the cost and facilitating local implementation of desalination projects.

The Western Water Initiative that Mr. Raley talked about is one that we are proud of. It sets aside some money for us to focus on those activities and bring forward other parts of our program that are complementary to those activities. A feature of the initiative that is especially promising is the one that will actually take a look 25 years into the future around our projects. The objective is to see if there are unmet demands there that cannot be met by our exist-

ing infrastructure and identify the areas that we and our stakeholders, with the States, need to address over that period of time.

To be successful in dealing with today's complex water issues, we know that collaboration is the key. We must all work together to forge workable solutions. We are looking for new ways to make existing water supplies go further. We must continue to develop strategies where water can be used more than once in order to satisfy multiple users and stretch those existing water supplies even more. This means improved water conservation, investments in science and technology, and modernization of existing infrastructures.

#### PREPARED STATEMENT

I would be glad to provide more detail, and we would certainly stand to any questions that you all might have today.

[The statement follows:]

#### PREPARED STATEMENT OF JOHN W. KEYS, III

Thank you, Mr. Chairman, and members of the subcommittee, Thank you again for the opportunity to appear before you today to support the President's fiscal year 2004 budget request for the Bureau of Reclamation. With me today is Robert Wolf, Director of the Program and Budget Group.

Our fiscal year 2004 request has been designed to support Reclamation's core mission, as stated in DOI's Strategic Plan:

"Deliver Water and Hydropower, Consistent with Applicable State and Federal Law, in an Environmentally Responsible and Cost Efficient Manner."

Funding is proposed for key emerging projects which are important to the Department and in line with Administration objectives. The budget request also supports Reclamation's participation in efforts to meet emerging water supply needs, to resolve water shortage issues in the West, and to promote water conservation and improved water management.

The fiscal year 2004 request for Reclamation totals \$878.0 million in gross budget authority, an increase of \$23.1 million from the fiscal year 2003 President's Amended Request of January 7, 2003, and a decrease of \$33.3 million from fiscal year 2003 Enacted Level. The request is partially offset by discretionary receipts in the Central Valley Project Restoration Fund, resulting in net discretionary budget authority of \$847.2 million, a decrease of \$24.5 million over the fiscal year 2003 Enacted Level.

Center to this is \$11.0 million to launch a Western Water Initiative that uses collaboration, conservation, and innovation to make sure every drop of water counts. This initiative will provide a comprehensive forward-looking water resource management program that will respond to growing water demands. To be successful in dealing with today's complex water issues, we know collaboration is the key. We all must work together to forge workable solutions. We are looking for new ways to make existing water supplies go further. We must continue to develop strategies where water can be used more than once in order to satisfy multiple users and stretch existing water supplies even more. This means improved water conservation, investments in science and technology, and modernization of existing infrastructures.

The four major components of the initiative are Enhancing Water Management and Conservation; Expanding Science and Technology Program; Preventing Water Management Crisis; and Strengthening Endangered Species Act (ESA) Expertise.

This budget is good news for the West. Each year Reclamation is focused on customer value as well as increased accountability and modernization. This request is citizen-centered and founded on the Administration's principle of results rather than procedures. It is also a fiscally responsible request, which will provide funding to keep our dams and facilities safe, deliver water, provide a stable source of power for our growing population, and support environmental efforts.

## DEMONSTRATED COMMITMENT AND ACCOMPLISHMENTS

While performing its core mission, Reclamation delivered 10 trillion gallons of water to over 31 million people in the 17 western states for municipal, rural, and industrial uses. Reclamation facilities stored over 245 million acre-feet of water, serving one of every five western farmers to irrigate about 10 million acres of land. Those irrigated lands produced 60 percent of the nation's vegetables and 25 percent of its fruits and nuts. As the largest water resources management agency in the West, Reclamation continues to administer and/or operate 348 reservoirs, 56,000 miles of water conveyance systems, and 58 hydroelectric facilities, which generate 42 billion kilowatt-hours annually.

Reclamation also continues to manage approximately 8.6 million acres of Federal land, plus another 600,000 acres of land under easements. In addition, our facilities provide substantial flood control, recreation, and fish and wildlife benefits. Reclamation and its employees take very seriously their mission of managing, developing, and protecting water and related resources in an environmentally and economically sound manner in the interest of the American public.

The fiscal year 2004 budget request demonstrates Reclamation's commitment in meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on delivering and managing those valuable public resources. In cooperation and consultation with the state, tribal, and local governments, along with other stakeholders and the public at large, Reclamation offers workable solutions regarding water and power resource issues that are consistent with the demands for power and water. With the need to pursue cost effective and environmentally sound approaches, Reclamation's strategy is to continue to use the Secretary's four "C's": "Consultation, Cooperation and Communication all in the service of Conservation . . ." These principles provide Reclamation an opportunity, in consultation with our stakeholders, to use decision support tools, including risk analyses, in order to develop the most efficient and cost-effective solutions to the complex challenges that we face.

During the second session of the 107th Congress, both the committee and Reclamation's stakeholders accentuated their concerns over the availability of water two decades from now. Our fiscal year 2004 request includes measures that will be utilized to help assure that water will be available for a growing population when needed. Through our Western Water Initiative, Reclamation plans to develop a forward looking water resource management program that will respond to growing water demand.

Furthermore, funding is proposed for key emerging projects that are important to the Department and the Administration's objectives. The budget proposal also supports Reclamation's participation in efforts of meeting emerging water supply needs, resolving water issues in the West, promoting water efficiencies, and improving water management.

Moreover, Reclamation's request reflects the need to address an aging infrastructure and the rising costs and management challenges associated with scarce water resources. As our infrastructure ages, we must direct increasing resources toward technological upgrades, new science and technologies, and preventative maintenance to ensure reliability, which will increase output, and improve safety.

More and more everyday we see how important water resource needs are to our state, local and tribal partners. Many states are developing statewide water plans or drought contingency plans to address resource utilization and stewardship against the backdrop of large population increases with the growing concern for sustainable development. Reclamation, in partnership with other federal, state, local, tribal, and private entities, has consistently proven its ability to work with others to optimize water use. This technical capability is one of our most valuable resources.

## WATER AND RELATED RESOURCES

The fiscal year 2004 request for the Water and Related Resources account is \$771.2 million. The request provides funding for five major program activities: Water and Energy Management and Development (\$331.3 million); Land Management and Development (\$41.3 million); Fish and Wildlife Management and Development (\$90.4 million); Facility Operations (\$176.8 million); and Facility Maintenance and Rehabilitation (\$171.5 million). The request is partially offset by an undistributed reduction of \$40.0 million, in anticipation of delays in construction schedules and other planned activities.

The request continues to emphasize the operation and maintenance of Reclamation facilities in a safe, efficient, economic, and reliable manner, while sustaining the health and integrity of ecosystems that addresses the water needs of a growing

population. It will also assist the states, tribes, and local entities in solving contemporary water resource issues.

Highlights of the fiscal year 2004 request include:

*Animas-La Plata in Colorado and New Mexico (\$58.0 million).*—The fiscal year 2004 request includes \$58 million for the project and will fund the construction contracts awarded in fiscal year 2003 that are associated with critical path activities. This level of funding is crucial to complete the construction of this project within the time frames required by the Colorado Ute Settlement Act Amendments of 2000. In December 2000, Congress enacted legislation to resolve the Colorado Ute Indian Tribes' water right claims and allowed construction of a smaller Animas-La Plata Project to proceed.

*Columbia-Snake River Salmon Recovery in Idaho, Oregon, Montana, and Washington (\$19.0 million).*—This program addresses the implementation of Reasonable and Prudent Alternatives (RPAs) included in two Biological Opinions issued in December 2000. The first opinion was issued by the National Marine Fisheries Service (NMFS) entitled "Operation of the Federal Columbia River Power System (FCRPS), Including the Juvenile Fish Transportation Program, and 19 Bureau of Reclamation Projects in the Columbia Basin," and the second opinion was issued by the U.S. Fish and Wildlife Service (FWS) entitled "Effects to Listed Species from Operations of the Federal Columbia River Power System."

Those Biological Opinions superseded all previous FCRPS Biological Opinions and all actions will now be focused toward the new "reasonable and prudent alternatives (RPA)." Section 7(a)(2) of the Endangered Species Act (ESA) requires Federal agencies to consult with NMFS and the FWS to ensure that agency actions will not likely jeopardize the continued existence of endangered or threatened species, or will not adversely modify or destroy their designated critical habitats.

The FWS Biological Opinion is coordinated with the NMFS Biological Opinion, and calls for operational changes to the FCRPS, by way of additional research measures. A substantial majority of the action items resulted from the NMFS Biological Opinion, while the FWS action items included significantly increased regional coordination with the Federal regulatory agencies; aggressive actions to modify the daily, weekly, and seasonal operation of Federal dams; and the "off-site mitigation" of hydro system impacts.

*Klamath Project in California and Oregon (\$20.8 million).*—The funding will provide for scientific studies and initiatives as a result of the 2002–2012 biological opinions and for the establishment of a water bank as required under those same opinions, as well as to provide water to meet ESA compliance.

The request will also continue funding for studies and initiatives related to improving water supply and quality to meet agriculture, tribal, wildlife refuge, and environmental needs in the Klamath River Basin and to improve fish passage and habitat.

*Safety of Dams (\$71.0 million).*—The safety and reliability of Reclamation dams is one of Reclamation's highest priorities. Approximately 50 percent of Reclamation's dams were built between 1900 and 1950, and 90 percent of those dams were built before the advent of current state-of-the-art foundation treatment, and before filter techniques were incorporated in embankment dams to control seepage. Safe performance of Reclamation's dams continues to be of great concern and requires a greater emphasis on the risk management activities provided by the program.

The fiscal year 2004 request of \$71.0 million for the Safety of Dams Program is being made to provide for the reducing of public safety risks at Reclamation dams, particularly those identified as having deficiencies. The request provides for risk management activities throughout Reclamation's Safety of Dams inventory of 362 dams and dikes, which would likely cause loss of life if they were to fail. Pre-construction and construction activities for up to 19 of these dams are identified for funding through the Safety of Dams Program. The fiscal year 2004 request includes \$1.7 million for the Department of the Interior Dam Safety Program.

*Site Security (\$28.6 million).*—Since September 11, 2001, Reclamation has maintained heightened security at its facilities to protect the public, its employees, and infrastructures. The supplemental funding in fiscal year 2002 was necessary to cover the costs of site security activities in three principle areas. The first area was for guards and law enforcement, the second area included reviews, studies, and analyses, and the third area was for equipment. The fiscal year 2004 request continues funding for those critical activities under the categories of Critical Infrastructure Protection and Continuity of Operations.

*Drought (\$1.1 million).*—The program includes those activities related to administering the Reclamation States Emergency Drought Relief Act of 1991, as amended, to undertake activities that will minimize losses and damages resulting from drought conditions. The major component of the program relates to response activi-

ties taken during an actual drought to minimize losses or mitigate damages. The program also provides for assistance in the preparation of drought contingency plans.

*Desalination of Seawater and Groundwater (\$775,000).*—This program provides a promising opportunity to expand water supplies for both coastal and inland areas. The 2004 budget contains increased funding for desalination research activities aimed at decreasing the cost and facilitating local implementation of desalination.

Our research activities are carefully chosen to align with the Department's draft Strategic Plan and are developed in collaboration with stakeholders. We believe that cost shared research conducted at existing institutions is the quickest and most economical means to achieve our ambitious long-term goal of decreasing desalination costs by 50 percent by 2020.

*Sumner Peck Settlement (\$34.0 million).*—The budget request provides payment to the plaintiffs towards the settlement of Sumner Peck Ranch Inc v. Bureau of Reclamation.

#### WESTERN WATER INITIATIVE

The new Western Water Initiative will position the bureau in playing a leading role in developing solutions that will help meet the increased demands for limited water resources in the West. The budget proposes \$11.0 million, which will benefit western communities that are struggling with increased water demands, drought, and compliance with the Endangered Species Act. The Western Water Initiative involves:

*Enhanced Water Management and Conservation (\$6.9 million).*—Funding will be used for the modernization of irrigation delivery structures such as diversion structures and canals. This will also allow Reclamation to use existing intrastate water banks where they are available, and to promote intrastate water banking as a concept to help resolve future water supply conflicts. Reclamation will develop alternative ways to balance the existing demands for water for agricultural, municipal, tribal, and environmental purposes. Examples include water management tools; inexpensive and accurate water measuring devices; and computer technologies that will allow remote sensing and automation. Moreover, new canal lining material, data collection and analysis systems should make predicting, managing, and delivering water much more effective.

*Preventing Water Management Crisis (\$917,000).*—Funding will enable us to provide effective environmental and ecosystem enhancements in support of Reclamation's project operations through proactive and innovative activities. For example, we are exploring ways of addressing issues at projects by identifying and integrating long-term river system ecological needs within the context of regulated river management.

Pilot projects will be selected from a list of critical areas based on the potential for cost savings resulting from the development of a program in advance of the occurrence of a crisis. Pilot projects are anticipated to include environmental enhancements that provide support for project operations or optimization of project operations for both water supply and environmental benefits. For example, in some cases, water release patterns can be modified to address environmental needs without impairing the delivery of water for authorized project purposes.

*Expanded Science and Technology Program (\$2.7 million).*—Reclamation's Desalination Research and Development Program will be expanded to research cost reduction of water desalinization and waste disposal. Reclamation has developed much of the current desalinization technology used around the world today, and will continue to work with partners in the industry to accomplish this goal.

Funding will also expand the effective use of science in adaptive management of watersheds. This cooperative effort with the USGS will assist Reclamation in reaching decisions that are driven by sound science and research, are cost effective, and are based on performance criteria.

Funding will also provide for peer review of the science used in ESA consultations and other environmental documents issued by Reclamation. The National Academy of Science, USGS, and other federal and state entities with science expertise will peer-review the science used by Reclamation in preparing Biological assessments. This initiative will improve Reclamation's use of science and technology to address critical water resource management issues.

*Strengthening Endangered Species Act (ESA) Expertise (\$458,000).*—Funding will be used to strengthen ESA expertise and will produce identifiable mechanisms in order to achieve continuity in evaluating biological assessments and/or biological opinions. This initiative will enable managers to acquire a greater understanding of the purpose, process and requirements of the ESA as it relates to federal actions

that are important to carrying out Reclamation's water resources management mission.

#### CENTRAL VALLEY PROJECT RESTORATION FUND

The fiscal year 2004 Reclamation budget includes a request for \$39.6 million and is expected to be offset by discretionary receipts totaling \$30.8 million, which can be collected from project beneficiaries under provisions of Section 3407(d) of the Act. These funds will be used for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley Project area of California. This fund was established by the Central Valley Project Improvement Act, Title XXXIV of Public Law 102-575, October 30, 1992.

The funds will be used to achieve a reasonable balance among competing demands for the use of Central Valley Project water, including the requirements of fish and wildlife, agricultural, municipal and industrial and power contractors. Reclamation is seeking appropriations for the full amount of funds of the estimated collections for fiscal year 2004.

#### CALIFORNIA BAY-DELTA RESTORATION

The fiscal year 2004 Reclamation budget includes a request for \$15.0 million. The funds will be used consistent with commitment to find long-term solutions in improving water quality; habitat and ecological functions; and water supply reliability; while reducing the risk of catastrophic breaching of Delta levees. Fiscal year 2004 budget contains funds for Bay-Delta activities that can be undertaken within existing statutory authorities for implementation of Stage 1 activities. Those activities are included in the preferred program alternative recommended by CALFED and approved by the Secretary of the Interior. The majority of these funds will specifically address the environmental water account, storage, and program administration.

#### POLICY AND ADMINISTRATION

The request for Policy and Administration (P&A) is \$56.5 million. P&A funds are used to develop and implement Reclamation-wide policy, rules and regulations (including actions under the Government Performance and Results Act) and to perform functions which cannot be charged to specific project or program activities covered by separate funding authority. These funds support general administrative and management functions.

#### LOAN PROGRAM

No funding is requested for any direct loans. Funding of \$200,000 is requested for program administration.

#### PERFORMANCE ASSESSMENT RATING TOOL (PART)

During fiscal year 2002, all cabinet level agencies reviewed at least 20 percent of their programs in concert with the Office of Management and Budget. The Administration conducted these reviews using PART, a standardized format for program evaluation and management. Results from the PART process were one of many criteria used in making budget decisions. The three Reclamation programs that were reviewed were Hydropower, Water Reuse and Recycling Program (Title XVI), and Rural Water. Reclamation is currently addressing all deficiencies identified with respect to each program.

Hydropower was rated "moderately effective" and Reclamation has begun developing long-term goals that will address the identified issues, such as aging facilities and the need for better performance measures. The Title XVI program review indicated that the program was "moderately well managed." However, Reclamation's oversight of individual projects is limited by strong local control, and the PART findings indicated that there is no clear linkage between Federal funding and progress towards outcomes.

The Rural Water Supply Projects were rated "results not demonstrated." Fiscal year 2004 funding requests for this program has been reduced due to systemic program weaknesses, such as non-existent guidelines for eligibility; local cost share and program planning; and overlaps with other Federal agencies. The Administration intends to submit legislation this spring, establishing a Reclamation Rural Water Program with adequate cost controls and clear guidelines for project development.

## PRESIDENT'S MANAGEMENT AGENDA

Reclamation is engaged in a variety of activities designed to meet the Department's "Getting to Green" Scorecard requirements related to the President's Management Agenda (PMA). These activities are concentrated in five major components of the PMA: Expanding E-Government, Financial Management Improvement, Human Capital, Performance and Budget Integration, and Competitive Sourcing.

*E-Government.*—Reclamation participates in a one-stop Internet access that provides citizens information about recreational opportunities on public lands and participates in the Volunteer.gov website which provides information on volunteer activities. We also recently completed an internal review of our web program and are in the process of implementing the recommendations from the review, including the development of a common website.

*Financial Management Improvement.*—Reclamation continues to make progress to ensure that our financial systems are compliant with the Joint Financial Management Improvement Program core requirements. To ensure that accurate and timely financial information is provided, our financial management program uses the Federal Financial System, the Program and Budget System, and its corporate data base system to report summary and transactions data on a 24-hour basis.

*Human Capital.*—Reclamation effectively deploys the appropriate workforce mix to accomplish mission requirements. The use of existing human resources flexibilities, tools, and technology is in a strategic, efficient, and effective manner. Our workforce plan addresses E-Government and Competitive Sourcing and a plan is in place for recruitment, retention, and development of current and future leaders, in addition supervisors are encouraged to work individually with employees to develop Individual Development Plans.

*Competitive Sourcing.*—Reclamation's A-76 Inventory Consistency Team was established to ensure consistency in inventory reporting. The team established guidelines for commercial, commercial core, and inherently governmental functions that are specific to Reclamation's workforce. Two streamlined studies have been completed for 124 FTE and a tentative decision has been announced, moreover two additional streamlined studies are with the Independent Review Official and a preliminary planning is underway for the Express Review studies scheduled in early 2003.

*Performance and Budget Integration.*—Reclamation continues to issue joint planning guidance through the Budget Review Committee process to provide budget targets, priorities, objectives, and goals. A Government Performance and Results Act (GPRA) planning calendar, including budget process and major milestones, has been developed. In addition, budget accounts, staff, and programs/activities are aligned with program targets.

## FISCAL YEAR 2002 ACCOMPLISHMENTS HIGHLIGHTS AND FUTURE PLANNED ACTIVITIES

In fiscal year 2002, we delivered the contracted amount of water to our water users, thereby meeting our contractual obligations. However, severe drought conditions increased demand for water, and in some cases, the water delivered to the water users was not enough to meet the increased requirement. If snow pack runoff continues at or below normal levels and if the drought continues, there will be far less water to release to our water users during fiscal year 2003 and fiscal year 2004.

Reclamation renewed 100 percent of the water service contracts expiring in fiscal year 2002, helping to ensure continued reliable service. An additional contract that was not planned for was also renewed for a total accomplishment of 114 percent.

Reclamation also completed Safety of Dams modifications on four facilities in fiscal year 2002, the Caballo, Avalon, Clear Lake and Red Willow dams. Also, in fiscal year 2003, Reclamation anticipates completing Safety of Dams modifications at Deadwood Dam in Idaho and Salmon Lake Dam in Washington.

Completion of these modifications improves overall facility condition by reducing risk and improving safety. In some cases, completion of the modifications increased Reclamation's ability to deliver water by removing restricted capacity requirements, and allowing the reservoir to be filled to full operational capacity, if needed.

Reclamation's draft cost of power production per megawatt capacity for fiscal year 2002 was \$6,855. This amount puts Reclamation within the upper 25th percent of the lowest cost hydropower facilities. Reclamation also achieved a 1.3 percent forced outage rate, which measures the amount of unplanned time out of service. This performance level is 56 percent better than the industry average forced outage rate of 3 percent.

By the end of fiscal year 2002, Reclamation conducted over 130 reviews of its recreational facilities to determine the state of its facilities, identify corrective actions, and determine needed improvements. Also in fiscal year 2002, Reclamation's partnerships and cost-sharing practices allowed Reclamation to complete additional cor-



rective actions to improve more facilities than originally planned. This resulted in performance greater than 100 percent completion of the planned corrective actions.

Reclamation completed 130 percent of its planned site security improvements. Moreover, funding was used to implement additional high-priority security improvements at its high-priority facilities, which was well above the target originally established.

#### FISCAL YEAR 2004 PLANNED ACTIVITIES

In fiscal year 2004, Reclamation plans to deliver 27.0 million acre-feet of water for authorized project purposes. In addition, we will complete the Safety of Dams projects at Wickiup Dam, Keechelus Dam, Pineview Dam, and Horsetooth Dam. This will reduce total reservoir restrictions and increase the available storage capacity by 127,300 acre-feet. Reclamation will also complete projects or parts of projects that have the potential to deliver an additional 42,030 acre-feet of water, which will naturally be dependent upon water availability and operations.

Reclamation plans to complete the Escondido and San Elijo Water Reclamation Program; the Olivenhain Recycled Water Project; the Yuma Area Water Resource Management Group bifurcation structure; portions of the El Paso Waste Water Reuse Project; canal linings; and other salinity reduction projects that increase water availability.

Reclamation also plans to continue ranking within the upper 25th percentile of low cost hydropower producers, by comparing power production costs per megawatt capacity. Reclamation plans to achieve a forced outage rate 50 percent better than the industry average, which is currently 3 percent. While Reclamation anticipates completing the baseline condition assessments for 80 percent of the recreation facilities it manages, it plans to continue to maintain the overall facility condition rating assessed at the fiscal year 2003 baseline level.

Reclamation intends to ensure that 14 percent of recreation facilities meet universal accessibility standards, thereby increasing access to recreation areas to the disabled from 8 percent in fiscal year 2003, in addition to maintaining the annual level of on-the-job employee fatalities and serious accidents at zero.

#### CONCLUSION

This completes my statement. Please allow me to express my sincere appreciation for the continued support that this Committee has provided Reclamation. I would be happy to answer any questions you may have at this time.

Senator COCHRAN. Thank you, Commissioner Keys, for your statement. Mr. Johnston, do you have a statement to make?

#### PREPARED STATEMENT OF J. RONALD JOHNSTON

Mr. JOHNSTON. I have a prepared statement in support of the request for 2004 for the Central Utah Project. And in the interest of time, I would simply ask that it be entered for the record.

Senator COCHRAN. It will be so entered. Thank you very much. [The statement follows:]

#### PREPARED STATEMENT OF J. RONALD JOHNSTON

My name is J. Ronald Johnston. I serve as the Program Director for implementation of the Central Utah Project Completion Act under the direction of the Assistant Secretary for Water and Science in the Department of the Interior. I am pleased to provide the following information about the President's 2004 budget for implementation of the Central Utah Project Completion Act.

The Central Utah Project Completion Act, Titles II–VI of Public Law 102–575, provides for completion of the Central Utah Project by the Central Utah Water Conservancy District. The Act also authorizes funding for fish, wildlife, and recreation mitigation and conservation; establishes an account in the Treasury for deposit of these funds and other contributions; establishes the Utah Reclamation Mitigation and Conservation Commission to coordinate mitigation and conservation activities; and provides for the Ute Indian Water Rights Settlement.

The Act provides that the Secretary may not delegate her responsibilities under the Act to the Bureau of Reclamation. As a result, the Department has established an office in Provo, Utah, with a Program Director to provide oversight, review, and

liaison with the District, the Commission, and the Ute Indian Tribe, and to assist in administering the responsibilities of the Secretary under the Act.

The 2004 request for the Central Utah Project Completion Account provides \$38.2 million for use by the District, the Commission, and the Department to implement Titles II–IV of the Act, which is \$2.0 million more than the 2003 requested level and \$2.2 million more than the 2003 enacted level. The request includes \$6.4 million for the District to implement water conservation measures, implement local development projects, continue construction on Uinta Basin Replacement Project, and continue planning and NEPA compliance for the facilities to deliver water in the Utah Lake drainage basin. The request also includes \$20.0 million for use by the District to complete the construction of the Diamond Fork System. The problems associated with an unforeseen cave-in and dangerous levels of hydrogen sulfide gas have been resolved, and construction of the alternative facilities is progressing on schedule.

The funds requested for the Mitigation Commission (\$9.4 million) will be used in implementing the fish, wildlife, and recreation mitigation and conservation projects authorized in Title III (\$7.7 million); and in completing mitigation measures committed to in pre-1992 Bureau of Reclamation planning documents (\$1.7 million). Title III activities funded in 2004 include the Provo River Restoration Project; acquisition of habitat, access, and water rights; and fish hatchery improvements.

Finally, the request also includes \$2.4 million for the Program Office for mitigation and conservation projects outside the State of Utah (\$239,000); operation and maintenance costs associated with instream flows and fish hatchery facilities (\$390,000); and for program administration (\$1.7 million).

In addition to the request described above, the Bureau of Indian Affairs' budget includes \$22.5 million for the Ute Indian Water Rights Settlement.

In conclusion, we appreciate the opportunity to testify before the Committee and would be happy to respond to any questions.

Senator COCHRAN. Senator Domenici has several questions which, I will state, will be submitted to you. We hope you will respond to them in a timely fashion.

Mr. RALEY. We will.

Commissioner KEYS. We will be glad to.

Senator COCHRAN. We would appreciate that very much.

Senator Craig.

Senator CRAIG. Thank you very much, Mr. Chairman. The time is late so I will be brief.

But let me say: Mr. Secretary, I do appreciate your testimony and, I think, the reality and the importance you bring to the Department as it relates to its responsibilities. I was looking at your testimony and found most interesting the Wildland Fire and Healthy Forests' proposal. And in that initiative you are talking BLM lands, I assume, exclusively.

Mr. RALEY. Yes, sir.

#### WILDLAND FIRE AND HEALTHY FORESTS

Senator CRAIG. And the treatment of nearly a million acres of urban wildland interface—well, 300,000 of that, 700+ of wildland-urban—well, I guess, it is all interface. Could you expand on that a little more as to what your plans are? That is certainly a positive, but aggressive, agenda but one, I think, that is very necessary in the West.

Mr. RALEY. Senator, this is Interior's component of the President's Healthy Forest Initiative and the implementation of that initiative will be done—must be done in close coordination with and absolute partnership with the United States Department of Agriculture and the Forest Service. The areas for treatment and the method of implementation is what is being discussed right now so that it can be done in the most cost-effective manner. If you would like, we can provide you with the state of knowledge, whatever it

is as of today, as to the manner of implementation. And I would suggest that we——

Senator CRAIG. Well, I would——

Mr. RALEY [continuing]. Maybe get you that detail shortly.

Senator CRAIG. Thank you. I am working closely with the Forest Service and understand, of course, that you do coordinate because we have inter-dispersed lands there in most every instance, in checkerboard patterns. But that is a very aggressive agenda and one that I am pleased with. So, yes, a briefing on that I would appreciate, as it relates to what we do with the Forest Service on that issue.

The tragedy is when you talk drought and the absence of water, you are also talking the presence of a lot of very dry fuel in the forested lands of the West and the potential of even as great a forest fire year this coming year as we had last. And last was almost a record setter.

#### PREVENTING WATER MANAGEMENT CRISIS MONIES

John, in your proposal I am pleased to see, I assume by the language in your presentation, the “preventing water management crisis monies,” that that is a proactive account, or an account to be proactive as it relates to the potential of impending crises, i.e., a Klamath Falls or the avoidance thereof.

Commissioner KEYS. Yes, sir. Mr. Chairman, Mr. Craig, what we are trying to do is not limit the look to climatic futures, because none of us can see the weather that is coming.

What we are trying to do is look at all of the different factors involved in water supply and where they could reach crisis levels in the future—looking at the growth of cities and towns, Endangered Species Act requirements that are taxing some of our existing systems now, the growing need for water for a lot of other purposes, water quality control for fish and wildlife, for recreation, the whole bit, and see where those hot spots might occur 25 years into the future.

There may be some things that we can do now that start stretching that water supply. Then, later, we can begin working with our partners to implement a plan for having additional infrastructure in place when we get to that time where we could have a crisis if we do not react earlier.

Senator CRAIG. Is \$1.1 million in the drought category as it relates to the Reclamation States Emergency Drought Relief Act of 1991 adequate based on impending drought scenarios in the West at this moment?

Commissioner KEYS. Mr. Chairman, Mr. Craig, the worst time to plan for a drought is when one is underway. What we are trying to do is encourage people to prepare themselves ahead of time so that there are contingency plans. That \$1.1 million is mostly planning funds that we are using with entities to be ready for the next one.

Over the past few years, some of our monies have been used to help tribes drill wells, to work with them on providing water supplies to outlying areas and so forth. But this one is directed mainly to contingency planning so that we can be ready for the next drought.

Senator CRAIG. Well, we know what your snow courses tell you today and what the impending water situation looks like in the West at this moment. I would trust that you are well underway and working with the—those who receive water on how you will manage your way through the coming summer.

Commissioner KEYS. Mr. Chairman, Mr. Craig, we have been doing that since last fall. We are receiving regular snow surveys. We do them every 2 weeks now. This is crunch time for us in preparing for next year and we are certainly working with all of those stakeholders and their water supplies, both what is available and what is projected. There are a lot of areas that are going to be short, and we are trying to do some planning for that.

Senator CRAIG. All right. Well, I would appreciate also, when your time allows, to drop by and visit about the Snake River adjudication that is underway and important in Idaho. That would be appreciated by you.

And certainly, Mr. Secretary, we will look forward to visiting with you.

Thank you all.

Senator COCHRAN. Senator Bennett.

Senator BENNETT. Thank you very much, Mr. Chairman.

Commissioner Keys, we welcomed you to the authorizing committee. I introduced you. That was a day of great praise of your background and your service.

Commissioner KEYS. Thank you.

Senator BENNETT. And now you come to the place where you get beat up.

It is a slightly different kind of a hearing here. May I say that I am delighted that you are here and that you are willing to make this kind of contribution to public service.

#### CENTRAL UTAH PROJECT

I want to specifically recognize Ron Johnston. The Central Utah Project sounds enormously parochial, and that is only because it is.

But I recognize that my father worked on the Central Utah Project, and if I can share with the committee a comment my father made to a staffer as they were walking back from the Senate floor to his office and my father said, “You know, if the people of Utah were smart, if the people of Utah and their Senator were smart, they would build the Central Utah Project themselves. This looks like it will cost at least \$150 million.” Well, it has gone—it is almost that much per year now and we are glad the Federal Government has helped us out.

Obviously, Mr. Keys, I have some questions about western power. The 2004 budget request of the Western Area Power Administration proposes to shift to the Bureau of Reclamation the obligation to fund the approximately \$6 million annual contribution to the Utah Reclamation Conservation and Mitigation Commission trust account. And that provides important work in conservation and mitigation programs associated with the Central Utah Project, or the Central Utah Project Completion Act.

Now this was established by Public Law 102–575, and with other contributions being made by all of the stakeholders and project beneficiaries, including the State of Utah, the Central Utah Water

Conservancy District, as well as the Interior Department. Now Western Area Power has been providing payments into the account since 1992 on behalf of the power user beneficiaries.

So with that lead-up, Mr. Commissioner or Mr. Keys, do you support ending Western's responsibilities to contribute into this account, and transferring this funding obligation from Western to Reclamation? And if you have, why is that contribution not built into the 2004 budget request?

Commissioner KEYS. Mr. Chairman, Mr. Bennett, we do not support that. I will be very candid with you: We were surprised to find out about this change just this past week. We are in heavy negotiations with Western Area Power Administration now about them continuing the contributions of those monies to that project.

Senator BENNETT. Okay. Just so long as it comes, I am not really excited about where. I just want the money.

Commissioner KEYS. I understand, sir.

Senator BENNETT. Okay. Continue your negotiations.

#### FLAMING GORGE EIS

Okay. Now it is my understanding that the Bureau will release its draft EIS for Flaming Gorge this summer. Is that correct, or is the date subject to change?

Commissioner KEYS. Mr. Chairman, Mr. Bennett, that is the schedule as we see it, and I have seen nothing that would affect that schedule as of right now.

#### SECURITY ISSUES

Senator BENNETT. Good. Finally, on security issues, so far the Bureau has treated security costs as non-reimbursable. Do you intend to continue to do that?

Commissioner KEYS. Mr. Chairman, Mr. Bennett, what we are trying to do is accommodate the extra requirements for security that came out of the September 11, 2001 attack. At some time in the future, we will have to go back and reassess what is reimbursable on an annual basis.

But what we are trying to do now are all of those reviews of facilities, the analysis of security for each one of the facilities, and then at least get started into the hardware preparations, the installation of facilities, before it becomes reimbursable. So for the time being, we are able to maintain that. At some time, we will have to take a hard look at that, and certainly a part of that hard look would be working with your committee here, sir.

Senator BENNETT. Thank you. We have had a good relationship with you as, of course, we have with Mr. Johnston who has been very helpful in working with us on the goals of the Central Utah Project.

One last area I want to probe a little, and you have gotten there with your previous question: What did you do in the Bureau when the Department of Homeland Security raised the threat level? And what kind of budget impact did those actions have? Do you have flexibility in the 2004 budget to accommodate those kinds of circumstances? Just visit with us generally about what happens when you go from yellow to orange, and what kind of budget we need to look at.

Commissioner KEYS. Mr. Chairman, Mr. Bennett, when we went from yellow to orange, of course it heightened the level of security for all of us and some of the requirements at some of our facilities. There is flexibility in the security monies that we have to go to the higher level. I am treading on a thin line of what is secure and what is not and how much we can cover here.

Senator BENNETT. And you are speaking to the new chairman of the Homeland Security Subcommittee—

Commissioner KEYS. Yes.

Senator BENNETT [continuing]. So take—

Commissioner KEYS. Sir, what I would propose—

Senator BENNETT [continuing]. Take the opportunity to ask for a little money out of the—

Commissioner KEYS. Okay.

Well, I will do that.

What we would prefer to do is, Mr. Chairman, Mr. Bennett, we would like to come and give you a secure briefing on all of those facilities and the differences between those levels of security and how we are prepared to do that.

I will assure you that we were able to achieve the change of security levels within minutes, rather than hours or days, when we went to the higher level this time. We were ready for it. It happened, and it worked very well. We would certainly be willing to come and give you a lot of details in a secure briefing on all of those facilities that you are interested in.

Senator BENNETT. Very good. Thank you very much.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Bennett.

Mr. RALEY. Mr. Chairman, Senator, if I might just on that last question—

Senator COCHRAN. Secretary Raley.

Mr. RALEY. I think that it is fair that we inform this subcommittee, however, that we may need to look at redirecting—we do not know how much—but some funds within the 2003 budget to meet needs that will be apparent as a result of the work that has taken place in fiscal year 2003. We believe that those may be accommodated with existing resources, but we obviously need to be in very close coordination with members of this committee on these important matters.

Senator BENNETT. Okay. Thank you.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. Thank you, Mr. Secretary, for making that comment. We appreciate your following the rules on reprogramming, and we look forward to working with you on any requests you have for that.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTION SUBMITTED BY SENATOR PETE V. DOMENICI

##### SILVERY MINNOW ON THE RIO GRANDE

*Question.* As you are well aware, the State of New Mexico is suffering a severe drought, the extent to which has not been seen in recent history. Complicating this

situation is the fact that we have an endangered species, the silvery minnow, living in the Rio Grande. All of these competing demands, combined with the drought, has resulted in millions of Federal dollars invested in seeking a solution.

Can you provide the committee an update on the litigation and both Interior's and the Bureau's involvement?

Answer. Litigation in the Minnow v. Keys case continues against the Bureau of Reclamation (Reclamation) and the U.S. Army Corps of Engineers for alleged Endangered Species Act violations. Plaintiffs identified the central issue to be the scope of discretionary authority of Reclamation and the Corps over Middle Rio Grande water deliveries and river operations to deliver water for the benefit of the minnow over others. In a cross claim against the United States in *Minnow v. Keys*, the Middle Rio Grande Conservancy District seeks quiet title to all Middle Rio Grande Project properties.

On September 23, 2002, Chief U.S. District Judge James Parker issued an Opinion declaring the Fish and Wildlife Service's September 12, 2002, Biological Opinion arbitrary and capricious. The Service and Reclamation were ordered to complete formal consultation for 2003 water operations by March 1, 2003. Judge Parker's decisions were appealed and stayed by the 10th Circuit Court of Appeals. The United States in its appeal brief is arguing that the district court erred in its definition of discretion and requirement to compensate for shortages. The 10th Circuit has not made a decision and it is not known when it will do so. Through the winter and early irrigation season, Reclamation has continued to meet the flow requirements of the June 2001 Biological Opinion which was in place prior to the Biological Opinion which was struck down in September. Reclamation submitted a final Biological Assessment to the Service on February 19, 2003, covering water operations from 2003 to 2013. A final Biological Opinion was released by the Service on March 17, 2003 and Reclamation will comply with the recommended flow levels, working cooperatively with water users.

*Question.* In your opinion, is it possible for us to manage our way through this difficult situation, or is it an impossibility?

Answer. We are doing our very best to manage the water situation in these difficult circumstances. Several strategies have brought success through difficult times in recent years. During court-ordered mediation in 2000, Federal and non-Federal stakeholders came together and developed solutions which led to supplemental water being provided to the river to significantly help Rio Grande silvery minnow survival while additional supplemental irrigation water was provided to farmers. In January of 2000, Federal and non-Federal stakeholders signed a Memorandum of Understanding to form the Endangered Species Act Workgroup to develop the Middle Rio Grande Endangered Species Act Collaborative Program. The Program serves as a framework to coordinate actions to protect and improve the status of two listed species, the minnow and the flycatcher, while existing and future water uses are protected and proceed in compliance with applicable laws. The Program has made significant progress in implementing water acquisition, habitat restoration, silvery minnow monitoring, propagation, and rescue activities for the benefit of listed species.

In a landmark agreement between State and Federal stakeholders, a Conservation Water Agreement was signed in June 2001, to provide up to 30,000 acre-feet of water annually for 3 years to benefit the silvery minnow. An important component of this effort was another supporting agreement between the United States and the Middle Rio Grande Conservancy District. As a result, in 2001, approximately 26,000 acre-feet was released from upstream storage for the benefit of the minnow. In 2002, an additional amount of approximately 26,000 acre-feet of conservation water was released. Also in 2002, the City of Albuquerque made available water to Reclamation and Middle Rio Grande Conservancy district to benefit both the minnow and farmers. This supplemental water contributed to the ability of Reclamation and others to remain in compliance with the Endangered Species Act while continuing to deliver water to downstream users. Similar opportunities for cooperation between Federal and non-Federal stakeholders can also make a difference in 2003.

*Question.* Can you briefly discuss your plan for this growing season?

Answer. Reclamation has begun to release supplemental water it has acquired from willing San Juan-Chama Project contractors through lease agreements. This water is anticipated to last at least several weeks. Discussions are ongoing to determine if there are stakeholders interested in providing water willingly, and in accordance with State law, to yield additional supplemental water. Given current forecasts (65 percent of average inflow to El Vado Reservoir as of March 1st), Reclamation expects that inflow during spring runoff should meet the needs of both Indian and non-Indian irrigation along with March 17, 2003, final Biological Opinion flow requirements. Additional supplemental water is necessary to remain in compliance

with the Endangered Species Act for the remainder of the year. Reclamation will store water at El Vado Reservoir to meet prior and paramount needs of Pueblos and Tribes.

During the course of discussions amongst Federal and non-Federal parties over the Service's final Biological Opinion released March 17, 2003, strategies were developed to share in the responsibilities of Endangered Species Act requirements. Absent a ruling from the 10th Circuit Court, Reclamation plans on using available supplies of supplemental water and exercising the discretion it currently has in curtailment Middle Rio Grande Project diversions to the level needed to remain in compliance with the final Biological Opinion requirements.

*Question.* What do you believe is the key to the success on the Rio Grande and the minnow?

*Answer.* The key to success on the Rio Grande is continued cooperation and collaboration amongst all the key Federal and non-Federal stakeholders, including environmental groups, who currently participate in the Collaborative Program. Collaborative Program participants are currently working on long-term solutions to the complex problems of protecting the listed species while managing available water supplies, in a forum where frequent communication is possible through a consensus process. Ongoing habitat restoration, monitoring, propagation and rescue activities benefit the listed species. Ongoing efforts in the development of a long term water management plan include discussions on forbearance, water banking, water conservation, and improved efficiencies in water operations. Committees are made up of key stakeholders knowledgeable about operational, legal, and contractual needs. Support of this Program is very important in developing long-term collaborative solutions in this very complex situation.

*Question.* How are we doing with our efforts to take the fish to the water by modifying existing habitat so it is more hospitable for the minnow?

*Answer.* Salvage efforts have transferred over 3,500 silvery minnow to upstream areas and several hundred thousand eggs to rearing facilities. The Service has released 100,000 silvery minnows since December 1, 2002, for augmentation near Albuquerque, New Mexico, which is located higher in the basin. The Service expects to release another 30,000 fish near Albuquerque in April 2003. The Collaborative Program continues to develop a Habitat Restoration Plan that takes into account the greater availability of water higher in the basin while being sensitive to the significance of the existing population of silvery minnow in the lower reaches. The Service's final March 17, 2003, Biological Opinion places an emphasis on habitat restoration in the upstream reaches. Propagation and augmentation efforts continue with a goal of expanding silvery minnow populations throughout the Rio Grande corridor to reduce dependence on downstream populations of minnows.

*Question.* What can we do to assist you in these efforts?

*Answer.* Continue to support the Collaborative Program and other activities necessary to mitigate the current drought situation.

#### MIDDLE RIO GRANDE LEVEES

*Question.* We provided an additional \$10 million in the operations and maintenance account to address the threatened levees along the Rio Grande.

Can you tell the committee when the fiscal year 2003 funding will be available for obligation?

*Answer.* Plans for utilization of the additional funding for the threatened levees along the Middle Rio Grande have been underway for many months. The funding is currently available for obligation. Most of the funds will be obligated within the next 4 months, with all funds being obligated by the end of fiscal year 2003.

*Question.* What is the current plan and schedule for repair work to begin on the levees?

*Answer.* As a result of the additional funding for the threatened levee sites in fiscal year 2003, work on one additional site will be completed, while on-going work at seven other sites will be accelerated in fiscal year 2003. In addition, design work will begin on two more sites to prepare for funds available in fiscal year 2004.

*Question.* What level of funding does the Congress need to provide the Bureau this year in order to complete this work in a reasonable time, given the current risk of the levees?

*Answer.* Reclamation has the personnel and contracting capability to effectively utilize \$10.5 million per year for the period fiscal year 2003 through fiscal year 2012, the same as requested in the President's fiscal year 2004 Budget Request. Over a period of 10 years, this level of funding would reduce the number of sites where the levees are threatened to a point where any new sites could be corrected within a 1- or 2-year timeframe. Reclamation's Albuquerque Area Office is capable



of performing all project requirements including designs, environmental compliance work, contract administration, and project management.

#### SALT CEDAR ON THE PECOS RIVER

*Question.* The last several years the Bureau has started an effort whereby you go into and around the banks of the Pecos River and take out salt cedar trees in an effort to reduce their draw on the river water. One salt cedar soaks up approximately 200 gallons of water a day.

Can you tell me if this program is making any progress?

*Answer.* The Secretary of the Interior was authorized by an Act (September 12, 1964, Public Law 88-594, 78 Stat. 942) to carry out a continuing program to reduce non-beneficial consumptive use of water in the Pecos River Basin. During the late 1960's and early 1970's, the Bureau of Reclamation cleared about 33,000 acres of salt cedar in the Pecos River floodplain in New Mexico and 18,000 acres in the Pecos River floodplain in Texas. Currently, Reclamation maintains the original 33,230 acres in New Mexico by keeping this area free of salt cedar. Salt Cedar control and evaluation has also been identified as a priority by the National Invasive Species Council. This project is conducted on both private and public lands located from above Sumner Dam downstream to the Texas State line. Reclamation contracts with the Carlsbad Irrigation District to perform the mechanical removal work. Salt cedar removal is primarily accomplished utilizing rubber-tire tractors with root plows, and a D-7 caterpillar with a rake attachment. The New Mexico Interstate Stream Commission cost-shares this project. Mechanical clearing of salt cedar may not provide the most cost effective nor long-term solution. Therefore, we are exploring a partnership with Carlsbad Irrigation District to explore additional options for salt cedar control.

*Question.* Has the Bureau given consideration to doing salt cedar eradication anywhere else in New Mexico?

*Answer.* Reclamation works within its authorities to control the growth of salt cedar. At Caballo and Elephant Butte Reservoirs in the Rio Grande Basin, woody phreatophyte vegetation which is salt cedar and screwbean mesquite, is also controlled. For about the past 43 years, Reclamation has been maintaining approximately 6,300 acres at Caballo Reservoir cleared primarily through mowing, and is considering herbicide use there. Since 1972, approximately 4,900 acres have been maintained clear of phreatophytes at Elephant Butte Reservoir, again primarily through mowing. In addition to our traditional mechanical methods, Reclamation recently initiated a demonstration program of herbicide treatments. In August 2002, Reclamation completed herbicide treatments on 200 acres of dense stands of phreatophytes within the Caballo Reservoir floodplain.

Reclamation is also active in habitat restoration activities along the Rio Grande between Cochiti and Elephant Butte to minimize reinfestation of salt cedar or other noxious weeds. This work includes removal of non-native species and replacement with natives, and provides improved habitat for the Rio Grande silvery minnow and the southwestern willow flycatcher.

Reclamation also supports testing of biological control agents for salt cedar. Reclamation is seeking the inclusion of test sites for release of *Diorhabda* beetles or other potential agents in both the Pecos and Rio Grande Basins.

*Question.* Is there sufficient need to expand this program?

*Answer.* The need to expand and coordinate salt cedar control activities with local partners was recognized by the Department which supported an addition of \$600,000 in fiscal year 2004 to Reclamation for this purpose. Expansion of salt cedar removal should result in increased surface and ground water supplies.

Salt cedar is a real or potential threat to many watercourses in New Mexico. Salt cedar alone has been estimated to cause 2.4 million acre feet/year water, with irrigation water losses as high as \$121 million annually. Reclamation, supported by the Department, is also leading an initiative in fiscal year 2004 with Federal and non-Federal partners to deploy the best science available for cost-effective, integrated management for salt cedar. Reclamation in partnership with local interests will develop a control and management plan that will focus on resources at the greatest risk from imminent infestation or the most valuable resources currently infested.

Reclamation looks to improve and expand the effectiveness of its salt cedar control efforts utilizing combinations of methodologies, including integration of re-vegetation with native species. The program will also implement alternative treatments and evaluations will be conducted to compare those methods to determine which treatment or combinations of treatment are most effective.

## SECTION 208

*Question.* The fiscal year 2003 Omnibus funding bill included a provision which requires the Bureau to contract out 10 percent of its work to the private sector in fiscal year 2003, which is in line with the Administration's proposal for contracting out more Federal work. The goal here is to allow the private sector to do work currently done by the Federal Government in instances where it makes sense to do so, both from a cost and efficiency standpoint. As a frame of reference, the Corps contracts out over half of its work.

Commissioner, what rating did the Bureau receive from the administration on its efforts to contract out its work?

Answer. Reclamation is currently "at green" on the administration's Competitive Sourcing initiative, with a composite rating of 8.9 (out of 10).

*Question.* How do you plan to implement this effort to meet the requirements of the Omnibus legislative language of 10 percent in fiscal year 2003 and an additional 10 percent each year until you reach 40 percent?

Answer. While the Bureau of Reclamation fully supports the administration's effort to increase efficiency by increasing contracting opportunities, this is an area that will require additional review by the Bureau.

The Bureau currently contracts out a significant amount of our design and engineering work, but we have not determined the impact of increasing beyond those existing levels. We find overly prescriptive language of this sort may have an adverse effect in actual application.

*Question.* Assistant Secretary Raley, what is the administration's position on this provision?

Answer. While we strongly support the President's Management Agenda Initiative, including Competitive Sourcing, Section 208 will require further review.

## ANIMAS-LA PLATA

*Question.* As many of my colleagues may be aware, the issue of the Animas-La Plata project has been around for a long time. Last year, this subcommittee provided \$35 million for construction. This year, the Bureau's budget contains \$58 million for this project.

Can you provide us an update on the ALP project?

Answer. Reclamation authorized the initiation of construction effective November 9, 2001. Nearly \$18 million was expended in fiscal year 2002 to: (1) complete final designs on the project features; (2) complete the construction of a portion of the Inlet Conduit; and (3) initiate mitigation activities on impacts to cultural resources, wetlands, and fish and wildlife resources. Fiscal year 2003 activities include award of construction contracts on the Durango Pumping Plant, Ridges Basin Dam, and the relocation of three natural gas pipelines that currently lie within the footprint of the dam. Additional lands will be purchased that are needed for dam construction. Work will also continue on the mitigation activities.

*Question.* Are we still on schedule and in compliance with the Ute Water Rights Settlement Act?

Answer. The Colorado Ute Settlement Act Amendments of 2000 authorized appropriations for construction over a 5-year period to allow construction to be completed in 7 years. Fiscal year 2002 was the first year of construction. With the appropriations we have received to date and with what is requested for fiscal year 2004, and what will be budgeted for fiscal year 2005 and 2006, we are able to fund all critical activities and are scheduled to complete the project within 7 years.

We are also utilizing the talents of both the Ute Mountain Ute and Southern Ute Indian Tribes to perform much of the construction and environmental data collection activities through Indian Self-Determination and Education Assistance Act contracts and cooperative agreements.

## SANTA FE WELLS

*Question.* During construction of the Fiscal Year 2002 Supplemental, the Congress provided funding for the drilling of emergency wells in Santa Fe, New Mexico.

Can you update us on the progress of those wells, have they been drilled?

Answer. The wells have been drilled and are currently being completed. Construction is underway on the pipeline and pumping plants. Final project completion is estimated for early fall.

*Question.* What is the impact of the current drought on these wells?

Answer. The current drought is not expected to significantly affect the production of the new supplemental wells. However, the current drought does increase the im-

portance of getting the new wells on line as soon as possible to supplement the City's existing water supply.

#### DROUGHT ASSISTANCE

*Question.* The Bureau has \$1.12 million in fiscal year 2004 budget for Drought Emergency assistance. I have a concern, which many of my colleagues have expressed, that no one is doing anything significant about how to manage our non-agriculture drought problems.

Does the Bureau have the ability to do more within its existing authorities if additional funding were provided?

*Answer.* The Bureau of Reclamation has authority to address both agricultural and non-agricultural drought situations. In fiscal year 2002, Reclamation received requests for emergency drought assistance and planning in the amount of approximately \$12 million. Those requests were for emergency domestic water supply wells, rehabilitation of disintegrating delivery systems, acquisition of water for drinking, and the acquisition of water for endangered species in order to continue operating our projects. However, Reclamation must balance funding for drought assistance along with the multiple priorities and emerging needs within Reclamation's other programs.

#### WESTERN WATER INITIATIVE

*Question.* How does this tie into the new initiative for Western Water in your budget request for \$11 million?

*Answer.* Many of Reclamation's project water delivery facilities are more than 60 years old, and inexpensive modernization of existing infrastructure could add significant efficiencies to water delivery systems, while providing the flexibility needed to help meet unmet water demands. This Initiative will result in enhanced efficiency in the operation of Reclamation projects, which in turn will enhance Reclamation's performance in carrying out core mission functions: the delivery of water and power in an environmentally sound and cost efficient manner.

*Question.* How will New Mexico benefit from this new initiative?

*Answer.* The water crises in New Mexico, particularly the Middle Rio Grande are part of what prompted this Western Water Initiative. There are opportunities in New Mexico to implement water conservation and efficiency improvements, both on-farm and in water delivery systems that will result in an increased ability to meet otherwise conflicting demands for water. Science and technology research may reduce the cost of water desalination technologies by 50 percent by 2020, providing additional fresh water to benefit people and the environment including potential benefit to rural America through the treatment of brackish water.

*Question.* What does this initiative hope to achieve and is it a departure from what the Bureau is doing now?

*Answer.* The Initiative provides a focused effort to modernize water delivery facilities in the West, some of which are more than 60 years old. Inexpensive modernization of existing infrastructure could add significant efficiencies to water delivery systems, providing the flexibility needed to help meet unmet water demands. Reclamation will focus on financial incentives and technical assistance for modernization of water supply systems where the investment will allow water managers to meet otherwise unsatisfied demands for water.

In addition, focused Federal participation will assist with basin and watershed improvements as part of local, collaborative processes in areas where the greatest potential for conflict exists.

*Question.* Do you expect that this program, if begun, will transform the Bureau and how it manages its efforts with regard to water or is this to be a short-term effort until the current drought conditions subside?

*Answer.* The Bureau's fiscal year 2004 Western Water Initiative is the beginning of what we hope will be the catalyst for a longer-term strategic approach to predicting, preventing, and alleviating water conflicts. It takes a proactive rather than reactive approach to water management and conservation, research and development to bring down the cost of desalination, prevent water management crises, and strengthen Endangered Species Act expertise among Reclamation employees. By developing a forward looking 21st century water resource management program, we can better respond to the growing demand for water in the West. This initiative will provide the tools necessary to address the future water supply needs of farmers, cities, and rural communities in those areas of the West that are most prone to conflict over water supply, and do so in an environmentally friendly manner.

## WESTERN WATER INITIATIVE

*Question.* Given that the Bureau only received a nominal increase in funding this year, where did you reduce program dollars elsewhere to fund this effort in this fiscal year?

*Answer.* Generally, the Bureau did not reduce any project line item funding to accommodate the Western Water Initiative. Given the similarity in purpose, programs such as the Environmental Program Administration and Environmental Interagency were combined into the new Initiative. However, funds for this initiative were developed in concert with the overall budget request and funding levels.

## QUESTIONS SUBMITTED BY SENATOR HARRY REID

## ONGOING PROJECTS

*Question.* What would be the impact to the cost and schedule of on-going Bureau projects, if the President's budget were enacted as proposed?

*Answer.* At the present time there would be no impact to cost and schedule if our budget was enacted as proposed.

*Question.* For those projects budgeted in the President's proposal, are they funded at their optimal level?

*Answer.* At the present time all of the Bureau's projects in the President's proposal are funded at a level that will allow projects and activities to proceed to meet the needs of the project beneficiaries.

## DROUGHT EMERGENCY ASSISTANCE PROGRAM WEATHER MODIFICATION

*Question.* Commissioner Keys: Please provide us with an update on how funds provided in fiscal year 2002 and fiscal year 2003 for a regional weather modification program are being expended.

*Answer.* The Bureau of Reclamation developed a competitive procurement process for Cooperative Agreements in fiscal year 2002 to award research proposals that met the intent of Congress to establish a research Weather Damage Modification Program. Seven States responded to the Request for Proposals (RFP). They were North Dakota, Texas, Oklahoma, New Mexico, Utah, Nevada, and California. The RFP and contract awards for that work have been completed for the States of Nevada and North Dakota, and awards are near completion for Texas, Oklahoma, New Mexico, Utah, and California.

The fiscal year 2003 funding will be awarded through a similar Request for Proposal process and existing work may be extended to include further research efforts depending upon the needs of the States.

## WESTERN WATER INITIATIVE

*Question.* The Bureau is proposing to initiate a Western Water Initiative in fiscal year 2004 to enhance efficiency and operation Reclamation programs and projects. First year funding is \$11 million. This is significant first year funding for such an initiative. Could you give us an overall cost estimate for this initiative and some of the outputs that you expect to receive?

*Answer.* The total cost and duration of the initiative have yet to be determined. The Western Water Initiative will be a means for the Federal Government to provide technical and financial assistance to State and local entities in areas in critical need of assistance. This Initiative will result in enhanced efficiency in the operation of Reclamation projects, which in turn will enhance Reclamation's performance in carrying out core mission functions: the delivery of water and power in an environmentally sound and cost efficient manner. Ultimately, Reclamation will develop a forward looking 21st century water resource management program that will respond to the growing demand for water in the West, as opposed to costly crisis management as experienced in the Klamath and the Middle Rio Grande Basins.

Reclamation's goal is to help avoid water use conflicts through better use of technology, targeted research, identification of long-term potential crisis areas, and increased expertise about the Endangered Species Act. Examples of making improvements to existing irrigation systems include:

- Installing water metering and measurement devices on outdated irrigation systems to track the amount of water being used and where.
- Converting open ditches to pipeline to reduce evaporation.
- Lining canals at reasonable cost to minimize seepage where it can result in system-wide efficiency—some areas of the West can reduce loss of by 50 percent or more.

- Developing a partnership with USDA to install on-farm irrigation evaluation program, in which field irrigation is evaluated for distribution uniformity and efficiency. This would include locating, designing, and providing for review of flow measurement devices and data, installation of water control devices and instrumentation within irrigation districts.
  - Using SCADA (Supervisory Control And Data Acquisition) system to allow river managers to remotely monitor and operate key river, pump, canal, and return flow control facilities by computer and radio telemetry. SCADA equipment receives, accumulates, records, and provides data on a real time basis. Individual stations can be set to continuously monitor river levels or diversion flow rates. In addition, Reclamation and water district managers can respond to daily water management needs and emergencies in a timely fashion by controlling pump and canal facilities remotely.
  - Conducting pump testing programs that provide accurate flow rate measurement data and information on the efficiency of the pumping plants that would improve efficiencies in managing both water and energy use.
- Reclamation will also pursue the use of existing intrastate water banks where they are available, and to promote intrastate water banking as a concept to help resolve future water supply conflicts. In most situations, water banks provide added flexibility in dealing with environmental, tribal, Endangered Species Act, or other competing demands for contracted water supplies.

#### TITLE XVI—WATER RECLAMATION AND REUSE

*Question.* Again this year, funding for the Title XVI program has been slashed. Local communities all over the southwest have invested hundreds of millions of dollars in water recycling projects. These projects provide a crucial link in the water supply chain in Western States. The small amount of Federal funding provided by Reclamation, in many cases, is the catalyst that makes these projects feasible for the local communities. If, as Reclamation states, their mission is providing water and power to the west; how can the Title XVI program be someone else's responsibility as stated in your program review?

*Answer.* Reclamation's Title XVI projects, while important, are not part of Reclamation's core mission. The President's Budget request for these programs recognizes that we must maintain our existing infrastructure before we fund construction of new infrastructure. The PART process for Title XVI generated extensive information on program effectiveness and accountability, including the need for additional performance measures. The principal PART findings for Reclamation's Title XVI Water Reuse and Recycling program, with a PART rating of "Moderately Effective" indicate the program is moderately well-managed, although Reclamation's oversight of individual projects is limited by the strong degree of local control. Fiscal year 2004 funds will be directed to the completion of projects already under construction.

Additional performance measures are currently being developed for Title XVI that should facilitate better long-term planning and provide a clearer linkage between Federal funding and progress towards outcomes.

*Question.* Why will Reclamation not budget for these projects?

*Answer.* Existing budget constraints have made it necessary to fund higher priority items.

#### ENERGY AND WATER DEVELOPMENT ACT

*Question.* Commissioner Keys: A couple of years ago in the Energy and Water Development Act, Reclamation were given the responsibility to act as the clearing house for advanced water treatment technologies. How is this effort being undertaken?

*Answer.* During 2001, Reclamation began development of a desalination clearinghouse. In 2002, a draft clearinghouse web site was created ([www.usbr.gov/desal/](http://www.usbr.gov/desal/)). This site features information on technologies, publicly available reports, cost estimation techniques, and publicly available information. Coinciding with Reclamation's draft clearinghouse review process, the WaterReuse Foundation ([www.wateruse.org](http://www.wateruse.org)) published a request for proposal to create a salinity management clearinghouse web site. Salinity management is a component of desalination. Therefore in December 2002, Reclamation invited the WaterReuse Foundation to meet and discuss how best to accomplish a water reuse and desalination clearinghouse web site so as not to duplicate efforts. Both organizations agreed to cooperate in the clearinghouse development.

Developments in desalination technology in the last 10 years have dramatically altered the capability of desalination systems to meet national water needs. Promising technological advancements are in the area of reduced membrane fouling, im-

proved pretreatment systems, and increased energy recovery. Under the Desalination Research Act, we are also investing in development of new desalination processes such as low cost evaporation, chlorine resistant membranes, membrane distillation, and membrane bioreactors. In early fall 2001, Reclamation provided recommendations for technologies that should advance to the demonstration phase to Congress.

*Question.* Are there any promising technologies?

*Answer.* Promising technologies ready for demonstration, pursuant to the Desalination Act, include a sea water and inland brackish water test bed commercialization project (focusing on energy efficiency, feed water pretreatment, increased membrane life, concentrate disposal, environmental impact, increased scale of economies, and boron removal); Membrane Bioreactor System commercialization effort (focusing on decentralized drinking water treatment of waste waters to replace conventional treatment plants); Devaporation commercialization effort in an inland rural area (which would feature concentration disposal and/or renewable energy powered rural water treatment and low-cost) and testing of a small-scale renewable energy/desalination systems suitable for rural and Native American communities; and demonstration of a novel method to produce fresh water and employ innovative concentrate disposal methods, utilizing geothermal energy. Non-traditional technologies that may offer lower costs and higher efficiencies are currently being reviewed. These include technologies such as freezing with clathrates, magnetics, ultrasonics, adsorption, and other novel separation processes.

#### CALIFORNIA BAY-DELTA

*Question.* In the recently enacted Omnibus legislation, a provision was inserted to clarify Reclamation's authority for feasibility studies for Los Vaqueros water storage project, Upper San Joaquin water storage project and Sites reservoir storage project. This clarification was necessary due to the budget request for CALFED funding without a clear authorization. Are there other issues likely to arise this year that would require additional clarifying legislation? If Reclamation is going to continue to request funding for the CALFED Bay Delta Restoration Program, I would recommend that the Administration actively try to resolve the authorization question for the overall project. We have put "band-aids" on this program for 2 years due to the authorization stale-mate and I am unsure of how much longer the subcommittee will be able to continue this practice. Please carry that message back to your superiors.

*Answer.* With the provision of feasibility authority in the Omnibus legislation, Reclamation possesses adequate authority to expend the current year appropriations for the CALFED activities delineated in the legislation. Reclamation remains hopeful that legislation will advance in this session to provide Federal agencies with the necessary program authorization to fulfill the goals and commitment of the CALFED Bay-Delta Program, and assure completion of program elements in a balanced and integrated fashion.

#### WESTERN AREA POWER ADMINISTRATION

*Question.* The Fiscal Year 2004 Budget Request for the Western Area Power Administration proposes to shift to the Bureau of Reclamation, the obligation to fund the \$6 million annual contribution to the Utah Reclamation Conservation and Mitigation Commission Trust Account which provides important work in conservation and mitigation programs associated with the Central Utah Project. This trust account was established under Public Law 102-575, the Central Utah Project Completion Act with other contributions being made by all the Stakeholders and project beneficiaries including the State of Utah, the Central Utah Water Conservancy District and the Interior Department. Western has been providing payments into the account since 1992 on behalf of the power-user beneficiaries.

Do you support ending Western's responsibilities to contribute into this account and transferring this funding obligation from Western to Reclamation, and if so why have you not built this contribution into your Fiscal Year 2004 Budget Request?

*Answer.* Reclamation has just recently become aware of the Department of Energy's proposal to transfer Western Area Power Administration's obligation to provide funds annually to the Utah Reclamation Mitigation and Conservation Committee to Reclamation and is very concerned. Maintaining this source of funds for the Mitigation Commission is important to continuing the very valuable ecosystem improvement projects the Commission is carrying out in Utah. We would welcome an opportunity to work with the subcommittee, the Mitigation Commission, and the Western Area Power Administration on a mutually acceptable solution.

## TITLE XVI—WATER RECLAMATION AND REUSE

*Question.* The Fiscal Year 2004 Budget Request identifies that the Title XVI reuse project program will be funded at \$12.6 million. This is a dramatic reduction from past years' congressional decisions. Please explain how the Bureau arrived at this funding level given the importance of providing assistance to projects that are proceeding to construction that depend on meaningful Federal assistance.

*Answer.* Reclamation's Title XVI program, while important, does not serve Reclamation's core mission. Also, these projects must compete with other Reclamation activities and projects for funding. Because of Reclamation's aging infrastructure, we must be careful to ensure that we direct sufficient resources toward maintaining our existing facilities, and not just focus on building new ones.

*Question.* Based on response to question 1, could you please explain the budget's reference to the Program Assessment Review Tool (PART). In your budget justification, you note that water reuse is not a "core mission" and therefore should not be a priority. This seems at odds with the history of the Bureau and its purpose. Could you provide me with an understanding of how the Administration defines the Bureau's mission? Please identify the individuals who conducted the PART and the expertise they hold in conducting such a review.

*Answer.* Although the Bureau's "core function" has not been defined by law, the Administration's use of the term generally refers to those programs that directly focus on water delivery and/or power generation. The purpose of the water recycling program is to identify and investigate opportunities for reclaiming and reusing wastewater and naturally impaired ground and surface water, and to provide financial and technical assistance to local water agencies for planning and development of water recycling projects. While in this regard, it is an important part of the bureau's mission, budget constraints prevented the bureau from funding this program at higher level. Bureau staff worked in consultation with OMB in conducting the PART process.

## DESALINATION

*Question.* I note that the Administration is placing new priority on desalination research. In its budget request, it appears that most of the requested research funding is slated to support this priority. Is this correct?

*Answer.* The Science and Technology Program's total request was \$9,305,000—of that, desalination and advanced water treatment amount to less than \$3 million. The remaining program funds are directed to research that increases water delivery reliability, infrastructure reliability and efficiency, and decision support modeling.

*Question.* How much requested funding within the Bureau-wide programs will be made available to support this new priority?

*Answer.* Requested funding for desalination would be available from the following line items: Enhanced Science and Technology—approximately \$900,000 (one-third); Science and Technology's Desalination and Water Purification Research (cooperative research with external partners): \$775,000; (3) Title XVI: approximately \$1,000,000; (4) Science and Technology's Advanced Water Treatment Research \$1,590,000. The total amount is \$4,265,000. The Yuma Desalting Plant funded under the Colorado River Basin Salinity Control Program, Title I also has funding dedicated to research towards reducing its operating costs.

*Question.* How much of the Bureau-wide programs will support water reuse research?

*Answer.* Desalination research under the Western Water Initiative will be used to expand our desalination capabilities under the Desalination Research Act. With this additional funding, we will be better able to initiate several demonstration projects and expand our desalination clearinghouse, and facilitate coordination of all the parties involved with various aspects of improving desalination through research.

Title XVI also authorizes research in this area. Treatment and subsequent reuse of impaired waters and desalination face common challenges as well as yielding complementary results—an increase in the usable supply of water. Title XVI research investments can simultaneously advance both reuse and desalination. It makes sense to fold these activities together as a part of a coordinated research strategy. To that end, last year we entered into an Memorandum Of Understanding with several interests in reuse and desalination (i.e., the WaterReuse Foundation, American Water Works Association Research Foundation, Water Environment Research Foundation, and the National Water Research Institute) to identify common issues and coordinate research investments.

## TITLE XVI—WATER RECLAMATION AND REUSE

*Question.* Over the past several years, Congress has requested on several occasions that the Bureau provide us with the final reports detailing the Southern California Wastewater Recycling and Reuse Program and Bay Area Wastewater Recycling and Reuse Program? In light of the budget's stated priority for desalination and the further statement that reuse is not a "core mission" when can we expect that these reports will be transmitted to us? Should we anticipate that the stated budget findings on reuse means that we will receive a negative report?

*Answer.* The Southern California Comprehensive Water Reclamation and Reuse Study is under Departmental review. This document is the culmination of a 6-year study of Southern California's water supply needs at a regional level and the potential for cooperative consideration of effective ways of matching wastewater reclamation opportunities with possibilities for reuse of recycled wastewater throughout southern California. The Department is finalizing its review and identifying editorial changes that will be made to the draft report documents prior to submission to OMB and Congress.

You also asked about the San Francisco Bay Area Regional Water Recycling Program, or BARWRP study. The Administration recently completed its review of the BARWRP Master Plan, and has raised several concerns with the Master Plan. Secretary Norton will relay these concerns when the BARWRP Master Plan is transmitted to Congress. I anticipate that the report will be submitted to Congress this year.

## SUMNER PECK

*Question.* Mr. Reid. I am very concerned about the decision to take budget resources away from ongoing reuse projects and other priorities to fund \$30 million in fiscal year 2004 for the settlement agreement between the U.S. and Sumner/Peck. Please provide me with a specific itemization on where the funds for the settlement are being provided in relation to specific program and project funding reductions within the fiscal year 2004 budget request.

*Answer.* No funding reductions or offsets were proposed with respect to fiscal year 2004 funding for the Sumner Peck settlement, Sumner Peck Ranch, Inc. v. Bureau of Reclamation.

## DESALINATION

*Question.* Over the past several years, Congress has supported important research and technology demonstration that has direct industry support through industry and university cost-shared assistance. I note that the budget request fails to identify how the Bureau intends to maintain this successful program. In your response, please explain how any funding under the new desalination priority will be used to support the ongoing reuse research needs.

*Answer.* The budget request will build on the success of this Desalination and Water Purification Research program authorized by Congress in the 1996 Desalination Research Act. We propose to continue bench and pilot studies and now embark on a few selected demonstration projects to test actual applications of new technologies under real world conditions. Some of the research will benefit both reuse as well as desalination. Title XVI research funding will be dedicated to research that benefits both desalination and reuse as well as research related solely to reuse questions.

## QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

## WESTERN WATER INITIATIVE

*Question.* I note that you have a new "Western Water Initiative" in your Fiscal Year 2004 Budget where you are requesting \$11 million. Who developed this initiative?

*Answer.* The Western Water Initiative was developed collaboratively by the Office of the Secretary with a team of Bureau of Reclamation senior leadership and program managers. The objective was to take a comprehensive look at long-term water needs and show how best to address them.

*Question.* Was it ever offered to the White House as a larger Bush Administration Initiative?

*Answer.* Yes, it was included in the fiscal year 2004 budget submitted to Executive Office of the President; discussions with OMB and the Office of the President staff are ongoing.



*Question.* Why did they decline?

Answer. Discussions are continuing on the future scope of the program.

*Question.* Why was rural water not a part of the Initiative?

Answer. Rural water is currently being reviewed and refined as a stand-alone program. The Department is in the process of drafting legislation to establish a structured rural water program within the Bureau of Reclamation. Reclamation recognizes that a significant need exists in many parts of the west for a clean and safe water supply. Further, it is our goal to work with those communities as well as with other Federal, State and local entities to address those needs in a cost effective manner.

*Question.* Do you have construction authority under this Initiative?

Answer. Currently no new construction authority is included under this initiative.

*Question.* Part of your money for the Western Water Initiative is to be spent on "Preventing Water Management Crisis." Aren't you creating a crisis in rural water with your Budget request?

Answer. No, the Administration conducted a Program Assessment to evaluate the program's effectiveness. Once the areas related to program effectiveness are addressed, funding for the program in the future will be assessed.

We have determined that the program could be more effective and welcome the opportunity to work with you on some overall approach and goal setting for the program.

*Question.* Your Environmental and Interagency Coordination Activities Budget and your Environmental Program Administration Budget are reduced from your fiscal year 2003 request. What is the reason for the reduction? It would appear inconsistent with your Western Water Initiative.

Answer. The funding reductions to these programs are unrelated to the Western Water Initiative. Programs are evaluated each year and appropriate funds are requested according to the need.

#### PART

*Question.* Could you provide the subcommittee with a copy of the papers on rural water that Reclamation submitted to OMB as a result of the PART review process that indicate your views on the rural water projects in the Bureau's Budget? What is Reclamation's position on providing rural water under Congressional authorized projects to Indians and non-Indians?

Answer. I am pleased to provide the materials that Reclamation submitted to OMB during the PART review process.

Reclamation recognizes that a significant need exists in many parts of the west for a clean and safe water supply. Further, it is our goal to work with those communities as well as with other Federal, State and local entities to address those needs in a cost effective manner. We also recognize the legislative requirements that Congress has placed on us for certain projects. However, through the PART evaluation, it was determined that clearly defined goals and criteria were needed in order to efficiently and effectively meet the needs of the beneficiaries as well as to stretch the limited Federal funds that are available for this purpose. The Department is in the process of preparing a legislative proposal which the Administration plans to submit to Congress to provide the programmatic structure and guidance that is necessary to move this effort forward.

#### RURAL WATER LEGISLATION

*Question.* When the Secretary of the Interior appeared before the Senate Energy and Natural Resources Committee a couple of weeks ago on the Department's Budget, she made reference to the Department developing some proposed legislation on rural water. Can you provide some details on that proposal and the time frame for sending it to Congress? Will the Dakota Water Resources Act of 2000 be exempt from this legislation?

Answer. The Department is in the final stages of drafting legislation to establish a structured rural water program within the Bureau of Reclamation. While Reclamation has been directed by Congress to plan, develop and construct 13 specific and individual rural water projects since 1980, we have been extremely limited in our ability to work with these and other communities that are in need of assistance prior to the passage of the specific project authority. This has resulted in inefficiencies and increased costs. It would establish overarching programmatic goals, set criteria and provide greater coordination among the various Federal, State and local programs related to rural water.

It is unclear at this point whether the Administration's proposed legislation would exempt the Dakota Water Resources Act of 2000. Many of the projects and activities

authorized in that Act are underway and we are working diligently with the State, the Garrison Diversion Conservancy District and the other entities in the region on these activities. As the proposed legislation moves to Congress, we look forward to working closely with you and other members with an interest in this important issue.

*Question.* From your description of the legislation, it would appear that what we are doing in North Dakota under the Dakota Water Resources Act would be a model for your legislation. Would you agree?

*Answer.* There are some aspects of the Dakota Water Resources Act that could be useful as a model for Reclamation's rural water program and we are looking carefully at how that program and others have worked to date.

*Question.* Why was no funding provided for the MR&I program for the Garrison Project?

*Answer.* The Garrison Diversion Unit was authorized August 5, 1965, amended in 1986 by the Reclamation the Garrison Reformulation Act, and further amended by the Dakota Water Resources Act of 2000. One of the components of the Garrison Diversion Unit is several MR&I projects in North Dakota that would serve several communities including four Indian reservations.

Reclamation's rural water projects, including those in North and South Dakota, were rated under the Program Assessment Rating Tool (PART) and received a rating of "Results Not Demonstrated." OMB found through the PART and Common Measures exercises that Reclamation's program needs stronger controls for project development, and that "lack of agency involvement during project development may result in a project that is not in the best Federal interest." OMB recommended that legislation be introduced which establishes a Reclamation rural water program with adequate controls and guidelines, and indicated that funding would be scaled back, including GDU MR&I programs, until such controls and guidelines were in place.

#### UNDERFINANCING

*Question.* Can you discuss the consequences of under-financing the water projects under construction in the Reclamation program?

*Answer.* The amount of underfinancing requested by Reclamation represents about 4 or 5 percent of the total scheduled program. We can reasonably expect to absorb that amount during a normal year due to non-budgetary delays. This is based on historical experience with such things as bad weather, construction delays, and environmental issues with projects.

*Question.* Are we going to find project sponsors coming in and asking for more money than they need because of this issue, just so they can go to bid on contracts?

*Answer.* I am not aware of any.

*Question.* How does this affect the Garrison Project?

*Answer.* At this point in time, we are not expecting any major delays to the Garrison Diversion Unit in fiscal year 2003 or 2004 due to underfinancing. Underfinancing is always applied in the manner that will cause the least negative impact.

*Question.* How do they make up for this funding in their contracts for work?

*Answer.* In a normal fiscal year, Reclamation has an appropriation available from Congress at the start of October, and has completed the process of identifying likely slippages in accomplishment by the end of November or December. General slippages are recovered in the next construction season.

*Question.* Is this figure spread evenly across-the-board to every line in the Bureau's Budget?

*Answer.* No, underfinancing will first be applied to projects and programs that are experiencing slippages due to the factors, such as construction issues, weather problems and environmental compliance issues.

#### INTERIOR'S TRUST RESPONSIBILITY

*Question.* What is Reclamation's view of carrying out the Department of the Interior's Trust responsibility to the four Tribes in North Dakota when it comes to water?

*Answer.* Reclamation takes its trust responsibility to Native American Tribes seriously as we carry out the agency's programs. Water development for the benefit of tribes is generally, in and of itself, not considered as a trust responsibility, except perhaps where Reclamation may be involved in implementing Indian water right settlements. As we implement the issues raised by the Rural Water PART recommendation, the Administration will address existing rural water authorizations, including the planning, design, construction, and operation and maintenance of rural water systems on the Standing Rock, Spirit Lake, Fort Berthold, and Turtle Mountain Indian Reservations.

*Question.* Some might say that by delaying or not funding Indian projects, it postpones a future Operation and Maintenance cost in the Bureau's Budget with regard to Indian water projects? Is this true?

*Answer.* Yes, an indirect effect of delaying or not funding the construction of Indian water projects will result in fewer facilities and a smaller increase in operation and maintenance costs in the Reclamation's budget for that year.

#### RED RIVER VALLEY

*Question.* Can you discuss the status of the studies for the Red River Valley? I am told that the Garrison Conservancy District and the Bureau have developed an understanding on time frames and we should know more later this year whether the schedule is working. Is that true?

*Answer.* Yes, Reclamation is diligently working with Garrison Diversion Conservancy District, the State agency designated by the Governor of North Dakota as their representative, to jointly prepare the Environmental Impact Statement. We are on schedule to complete the Environmental Impact Statement by December 2005.

Reclamation has several Environmental Impact Statement activities currently underway which include agency consultations, identification of purpose and need, developing a process for screening alternatives for detailed study, and data collection to define the affected environment. Needs and Options activities in fiscal year 2003 include data collection of historic water use, projecting future population, estimating future water needs, biota transfer studies, developing cost estimates for alternatives to be evaluated in the EIS, and conducting follow-up water user meetings to determine interest in the proposed project. Aquatic needs and recreation needs studies will also be completed this year. The naturalized flow database will be completed, models selected, and modeling initiated to determine available water sources and to identify shortages.

#### RECLAMATION'S CORE MISSION

*Question.* Mr. Keys, in your testimony, you stated that your fiscal year 2004 request has been designed to support Reclamation's core mission, which you said was to: "Deliver Water and Hydropower, Consistent with Applicable State and Federal Law, in an Environmentally Responsible and Cost Efficient Manner." But I would argue that your budget does not support this mission this year. A good example is how it funds projects designed to deliver water to communities and Tribes through the municipal, rural and industrial water programs authorized under the Dakota Water Resources Act. Under-funding water projects in the budget request for the last several years—and particularly the drastic cut in the fiscal year 2004 budget that you are presenting here today—is neither cost efficient nor environmentally responsible. The quality of the water that those on Indian reservations in my State must deal with poses a real risk to health and safety. I have pictures of a 6-month-old baby bathing in dirty water that is the color of coffee, and of people hauling water to many on the reservation that currently have no water supply. The water that is wasted when the Tribe tries to fill water bottles from a big tank with a hose is incredible, and the Tribe regrets that it does not have the resources for a more efficient system to preserve more of its precious water. Since you are not funding water delivery projects in North Dakota in a cost-effective and environmentally responsible manner, can you tell me some other ways that your fiscal year 2004 budget supports this mission?

*Answer.* The President's fiscal year 2004 request for the Garrison Diversion Unit in North Dakota is \$17.314 million. It includes funding that will support activities such as the continued progress on the Red River Valley Water Supply Study and Environmental Impact Statement; construction of the Standing Rock Irrigation project; operations and maintenance of the Oakes Test Area; minimum maintenance to assure reliability of completed facilities; management of approximately 22,100 acres of Wildlife Development Areas and 34,862 acres at Lonetree Game Management Area and Kraft Slough developed to mitigate project impacts and enhance the environment; and ongoing work to mitigate project impacts on the Audubon and Arrowwood National Wildlife Refuges.

In addition, it provides funding to carry out the Secretary's responsibilities to operate and maintain the existing rural water facilities on the Standing Rock, Spirit Lake, Fort Berthold, and Turtle Mountain Indian Reservations. Funds are also provided to continue operation, maintenance, and replacement activities at Jamestown Dam and Reservoir.

The President's request also includes funding to continue operation, maintenance and replacement activities at Heart Butte Dam and Reservoir and Dickinson Dam

and Reservoir. Project benefits include flood control, irrigation, and recreation, fish and wildlife. Heart Butte reservoir provides a water supply for 7,188 acres of irrigation along the Heart River.

#### SCIENCE AND TECHNOLOGY BUDGET

*Question.* What role does your Science and Technology Budget play with regard to the rural Western States?

*Answer.* Within the Science and Technology (S&T) budget the Advanced Water Treatment line item is largely directed to research that benefits rural and Native American communities' water supply and treatment needs. For example, we are researching questions and developing desalination and water reuse technologies with an eye toward making the systems affordable, reliable, and appropriate for rural areas that need clean and safe potable water supplies. The S&T budget is primarily directed to research that benefits all of the western States in that it has application across Reclamation. The S&T program uses a steering committee to identify research needs and establish relative priorities across the Bureau. Our Great Plains office, which represents the lion's share of rural States, has a representative on that committee. In addition, each region receives a portion of S&T funding to direct to region-specific priorities.

#### DROUGHT ASSISTANCE

*Question.* In your budget document you state "Requests for emergency and planning drought assistance out weigh the funding available. There are still many interested States and tribes that have not developed drought contingency plans focusing on preparedness, mitigation, and response activities." Why do you continue to request such a little amount of money for this area (\$900,000) when Congress repeatedly provides 4 and 5 times that amount when we finish with your budget?

*Answer.* Throughout the budget planning process, Reclamation must balance the multiple priorities of the budget against a number of factors, including the multiple priorities of the Department of the Interior. The requested amount represents a balance between this and other priority activities. The requested level of funding will meet the needs that are anticipated, keeping in mind that budgets are prepared as much as 2 years in advance. However, depending upon weather conditions, greater need and therefore greater requests have been received in recent years. When drought conditions have been most severe and demand is greater then the funds available, as has been the case over the past few years, we have directed the appropriated funds to emergency response, although we consider planning to be an important aspect of mitigating the effects of the continuing drought conditions in the West.

#### SUBCOMMITTEE RECESS

Senator COCHRAN. Commissioner Keys, it is good to have a westerner who talks with a southern accent and I am glad Sheffield, Alabama, taught you how to say things right.

Mr. Johnston, we appreciate your presence this morning and your contribution and your statement.

Thank you all very much. The hearing is recessed.

[Whereupon, at 12 noon, Wednesday, March 5, the subcommittee was recessed, to reconvene subject to the call of the Chair.]